The New REPUBLIC

A Journal of Opinion

VOL. LXXV NEW YORK, WEDNESDAY, JULY 26, 1933 NUMBER 973

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The Week

THE steel industry, in presenting its code to the government, has obviously done so in a horse-trading spirit, asking for too much in the expectation that its demands will be scaled down, on the principle that the higher you start, the higher you will remain at the end. Certainly, it would be a tragedy if the code were accepted as it stands. The purpose of the Industrial Recovery Act is to increase consumer purchasing power. Pay rolls may be increased by the proposed code, but not the wages received by the individual. While hourly rates are raised by amounts ranging from 15 to 25 percent, the working week is also reduced so that many thousands of skilled workers would have less in their pay envelopes than they do now. The proposed code is also an open-shop document; the authors of it attempt to specify that "company unions" such as now exist shall be regarded as fulfilling the collective-bargaining provisions of the Recovery Act. Everyone who knows anything about steel is aware that these company unions are a device to prevent honest representation of employees by spokesmen of their own choosing. The price-fixing provisions of the code are also sure to be attacked by the small independent steel producers, who believe that this part of the code is an attempt to weaken their position for the benefit of the big ones. Indeed, almost the only provision of the document which seems to have general approbation is that which does away with the notorious "Pittsburgh Plus," a system of price-fixing which denied to producers in other parts of the country the right to make lower prices because of their geographical advantage. If the Roosevelt administration should accept this code in anything like its present form, it would go far to destroy the hope that the New Deal for the common man is anything more than a fiction.

ONE of the biggest jobs ever undertaken by this or any other government has now been successfully launched. The proposal for reduction of cotton acreage has been accepted by growers of about 9 million acres, or 3.5 million bales. This is about one-quarter of the total crop, and almost as much cotton as Secretary Wallace had estimated there was any hope of destroying. The growers will receive, in one way or another, about $120 million, some 60 percent of them having elected to take a smaller rent for the land they lease and gamble on the increase in price by buying options on 2 million bales of government-owned cotton at six cents a pound. The government has promised to safeguard the public against increases in retail prices which are higher than are warranted by the processing tax of four and two-tenths cents, and the officials have begun by pointing out that textiles are now 30 percent higher than is justified by the price of raw cotton, despite the remarkable rise of the latter during the past few weeks. The adjustment will take a little time, since the cotton-textile code only went into effect on Monday of this week. It abolished child labor, reduced hours to forty a week and created minimum wages of $13 in the North and $12 in the South. It is, of course, far too early to appraise the results of this colossal experiment either in this or its other aspects. It can be said now, however, that there is no present reason to believe it will fail.

WHAT the newspaper correspondents first called a "Super-Cabinet" turns out to be a council which was forecast several weeks ago in an article in The New Republic—a body consisting, not only of Cabinet members, but of representatives of the

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other important economic agencies of the government, in order to bring together and unify the recovery program. Such a body is an elementary necessity in the economic-planning course upon which the nation has entered. No important decision taken by any one of those departments or agencies can be without effect upon the others, and no intelligent major decision can be made by one of them without knowledge of what the others are to do. Must the railroad coördinator plan for a reduction of rates? That depends on the general price level, and specifically on the prices of farm and industrial products. What should be the price objectives for wheat or cotton? Their purchasing power is supposed to be restored to pre-war parity with non-agricultural commodities. But what are to be the prices of these commodities, as influenced by the industry administration? How can inflation avoid unsound speculation? If more credit is to be stimulated, does industry need this credit, and can it use the credit soundly? These questions are merely a few of those that may arise in the field of prices alone. They concern almost every member of the new council. It would be silly to attempt to operate the new economic machine without coördination, and a council of this sort is the appropriate agency with which to begin it.

PRESIDENT Roosevelt has struck a body blow at the patronage system by his order putting first, second and third-class postmasters under civil service. While the blow is a staggering one, it is not a knockout: choice may still be made among the three leading candidates who have successfully passed the civil-service examinations, and special preference is given to war veterans. Nevertheless, it will be much harder to make these 15,000 federal jobs political sinecures in the future; this has proved true of the 32,000 fourth-class postmasterships which have for many years been under civil-service regulations. It is to be hoped that Mr. Roosevelt will follow up his fine work in this field by calling a halt to political appointments to the federal service in Washington itself. In a disturbingly large number of cases, jobs in certain of the executive departments and newly created bureaus with which Washington is now teeming have been given to badly qualified men just because they knew the right people, or had friends who were in that happy position. No doubt some of this was inevitable; and into the other side of the ledger must be put the fact that in scores of instances men of the highest type have been called into the government service. This is all the more reason, however, for regarding critically the selections which have been particularly bad.

WHILE economic internationalism has been making such a bad record at London, political internationalism has been doing better, at London and Rome. The Four Power Pact, which has just been signed by representatives of England, France, Germany and Italy, is less important for anything that it does than as a symbol of certain dangers which have been averted, or at least postponed—which in diplomacy so often means the same thing. A few months ago, there was general alarm lest Mussolini and Hitler should stand together and defy the "Versailles system," which is supported by France, her satellite powers and, not quite so wholeheartedly, Great Britain. The Four Power Pact is a symbol that such a division of Europe into two camps is no longer an immediate danger. Of equal importance is the group of treaties of non-aggression recently signed at London by Russia and most of her neighbors. One of these treaties includes the U.S.S.R., Latvia, Estonia, Poland, Rumania, Turkey, Persia and Afghanistan. Another of similar terms embraces Russia, Turkey, Czechoslovakia, Rumania and Jugoslavia. For the new spirit of amity between Poland and Russia, Herr Hitler must receive some of the thanks: a common enemy is something of a bond. More important, however, is the fact that Poland and all Russia's other neighbors are at last persuaded that her intentions are genuinely and completely peaceful.

THE United States and Japan are now engaged in a naval building race. The fact that it is proceeding within the limits of the treaties of Washington and London does not at all mitigate the seriousness of the situation. News dispatches from Japan indicate that our new appropriation of $238 million for naval building has created the greatest consternation. The Japanese have contended for twelve years that the 5-5-3 ratio for Great Britain, the United States and themselves gave them a naval strength lower than is justified by their position in the world. As long as the United States, which they regard as their only serious potential enemy, indulged in a voluntary and one-sided "naval holiday," the agitation for an increase in the Japanese ratio was shorn of its best argument. Now, however, it will be used again in full force. The naval-limitation treaty is almost the only one of Japan's international contracts of recent years which she has not openly or tacitly repudiated; and in her present mood it would not take much to cause her to tear up this agreement with the others. Secretary Swanson and President Roosevelt may have set fire to a fuse attached to a much bigger bomb than either of them seems to realize.

THE appointment of a National Economic Council consisting of Germany's leading industrialists, Fritz Thyssen, Dr. Krupp von Bohlen, Dr. Albert Vögler, Karl Bosch, Friedrich von Siemens and Baron Kurt von Schröder, closes the propaganda period of the "National Revolution." To a greater extent than ever before these leaders of the heavy industries will dominate the destinies of German economic life and mold its future course. The Economic Council was established as an answer to a number of portentous outbursts among dissatisfied middle-

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class elements in the German National Socialist party, who demanded that the dominance of finance and industry in the Hitler regime be curbed and urged the appointment of more commissars for the regulation of big business. The industrialists, on the other hand, had objected to the slipshod manner in which untrained and undisciplined representatives of the "lower classes" had been permitted to interfere with the normal transaction of business, and insisted that these disturbers be dislodged. Hitler, torn by conflicting loyalties, decided in favor of the industrial overlords who had made his rise to power possible, at the price of open rebellion in his own ranks. More than two hundred of his followers, among them three high government officials and one of his closest associates, were arrested. That it was possible to quell this embryo revolt among the Nazis with such comparative ease before it could assume menacing proportions shows the government to be in possession of full power with which to crush its enemies within the nation.

MEANWHILE, Hitler's Cabinet, day after day, is passing laws by the dozen. On Friday last, twenty-one such "legislative acts" were adopted and on Saturday, thirty-two. An "aye" of the monolithic Cabinet and a stroke of the Chancellor's pen deprived of their citizenship all naturalized immigrants who came to Germany from eastern Europe after November, 1918; this is of course a law directed exclusively against the Jews. Another law permits the confiscation of the property of those who criticize the Nazi regime in letters, by word of mouth or in the foreign press, inside or outside of the *Dritte Reich*. Since the issuance of this law, two cases have already become public in which prominent citizens were arrested and their property confiscated as the result of private communications sent to them from relatives abroad. Neither of these men had been connected with the radical or the labor movement. "We will be as cruel as it is possible to be," said Dr. Frick, Reich Minister of the Interior, "in destroying our enemies, especially the dangerous subtle critics of our nationalist ideals." A special department of Göring's secret police has been entrusted with the task of ferreting out these "enemies of the Reich" and their involuntary abettors. Thus five members of the family of Philipp Scheidemann were arrested as hostages for an article written from Prague for The New York Times by the former Chancellor and more than moderate Social Democrat. Four of the most respected citizens of Kassel, all of them non-Socialists, are today in concentration camps under the suspicion of having maintained friendly relations with this man, who was for so many years the Burgomaster of their city. There seem to be no lengths to which the medieval brutality of Germany's rulers will not go.

ADOLF HITLER may be able to stamp out the resistance of every human being within Germany, but before the persistent recalcitrance of economic and social forces his power fails. A new low mark in German exports and an increase in import figures for the month of June have again brought the transfer problem to the foreground. The export balance for June dropped to Rm. 29 million, as compared to 89 million in May and Rm. 90 million in June, 1932. Exports during June amounted to Rm. 385 million as compared to Rm. 422 million in May and 454 million in June a year ago. The interest Germany must pay on its foreign indebtedness for the fiscal year ending April 1, 1934, will amount to about Rm. 1,000 million, or a monthly average of Rm. 83,300,000. Its export surplus for the first six months of this year averaged only 48,800,000 per month; the June surplus is Rm. 29 million. Under these circumstances, Germany will be able at best to pay less than half of the interest due on its foreign obligations. The status of the Reichsbank is likewise becoming worse from month to month. On March 31, 1931, its assets in gold and foreign currency amounted to Rm. 2,500 million, slightly more than 56 percent of the notes in circulation. On January 31, 1933, its assets still amounted to Rm. 1,000 million, representing a coverage of 27.6 percent; the latest report, dated July 7, 1933, shows assets of Rm. 280 million, or a coverage of 8.3 percent. If this decline in the German export surplus continues, it must impair the ability of the Reichsbank to function as a clearing house for Germany's financial obligations. These figures probably explain Hitler's readiness to grant the demands of the industrialists for control through the establishment of the National Economic Council. The masters of Germany—among them Baron Karl von Schröder, a renegade Jew and owner of a Jewish bank in Köln, in whose palatial home Hitler, von Papen and Meissner last January arranged the terms for Hitler's appointment to the Chancellorship—have demanded that the management of the country's financial affairs be placed in their hands to avert the bankruptcy which is imminent.

THE best evidence that the dog days are here again is the dispute over Professor Raymond Moley's expense account at London. Mr. Moley, accompanied by Herbert Bayard Swope, ordered an airplane for the last lap of his journey from America and then didn't use it; and it is reported that some of his other expenditures seemed to Secretary Hull, or to somebody, larger than they should have been. The total amount involved is only two or three thousand dollars—not a huge sum to a country which is about to spend $238 million on naval building, or to a world conference which was attempting to restore many billions of dollars' worth of international trade. It is difficult to believe that those American newspapers which have made much of this incident were not actuated by political motives: they are hostile to the Roosevelt administration, and any stick will do to beat a dog with. The fact that this one is such a poor stick is in a way a testimonial to the administration.

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WHAT may turn into a serious dispute is developing between the United States and Spain. A group of Americans living on the island of Majorca, after dining at a hotel, got into a dispute with the management; a gendarme was called, and during the altercation, he was struck by one of the Americans. Although these regarded the matter lightly, in Spain it is a serious offense to strike a member of the Civil Guard and four American men and one woman are facing the possibility of prison sentences of several years. The American Ambassador, Claude G. Bowers, has sought to intercede on behalf of his compatriots; but the proud Spaniards resent any attempt to put pressure on them from across the sea. In these circumstances, there is a time-honored diplomatic procedure: let the Americans be found guilty (if they are in fact guilty) and sentenced to the appropriate severe terms. Then, a few weeks later, let them be paroled quietly on condition that they return to their homes. This is not a very happy device, but it is certainly the best way out of a bad situation. The Spanish will probably lose some millions of pesetas because timid American tourists will now boycott that country as they are boycotting Germany; but this is an inevitable development when national pride comes into conflict with the processes of "tourism."

ONE protest movement that continues to grow, despite the Roosevelt recovery program, is that of the unemployed leagues, sponsored by the Conference for Progressive Labor Action. A five-day convention, at the Coliseum in Columbus, Ohio, from July 1 to 5 served to bring out the extent of this movement, and the problems which are before it. The distinctive feature about the gathering was that it was a rank and file affair. An appeal for the "united front," to which the C.P.L.A. is now committed with the Communist party and its affiliates, served to reveal sharply the differing shades of opinion in the mass movement represented by the thousand delegates. At one dramatic moment, on the second day of the convention, flag-waving forces held the floor and even threatened physically to disrupt the convention. But the instigators of the "Stars and Stripes" group were exposed as stool pigeons, one of whom had for years been a private detective engaged in strike-breaking activities. Representatives of the Unemployed Councils, who modestly served as fraternal delegates only, were given the floor on several occasions, as speaker after speaker from leagues under direct C.P.L.A. influence urged the need for united action.

THE Columbus convention formed the National Unemployed League—with a president from California, vice-presidents from Ohio, West Virginia, Pennsylvania and North Carolina, a secretary from Ohio and a treasurer from Missouri—and decided further to promote an unemployed-unification convention, with the Unemployed Councils and the recently formed Federation of Unemployed Workers' Leagues. Four regional conventions are to be held within ninety days—one each in the Mississippi Valley, the South, New England and the Pacific Coast. The leading organization in the movement is the Ohio Unemployed League, which was the host to the convention. It claims 187 branches and a membership of over 100,000 and has been responsible for the "relief work" strikes of 5,000 unemployed men in Athens County and of 3,000 in Franklin County, where the Ohio capital is located. It is now planning a statewide strike, endorsed by the convention, demanding "in view of inflation" sixty cents per hour in cash on all "relief work." The National Unemployed League has pledged itself to local united action with the unemployed councils, in strikes, demonstrations and campaigns for federal unemployment insurance. Such action has already been taken sucessfully in Pennsylvania, where the league movement is strong, despite the opposition of Socialist party elements.

TWO transoceanic fliers, the Lithuanians Darius and Girenas, have been killed when their plane crashed in Pomerania. Jimmy Mattern, attempting a solo flight around the world, crashed in Siberia and his life was saved by what seems to have been a series of miracles. Wiley Post, also attempting a solitary round-the-world flight, has successfully completed the first half of it as we write; but the most hazardous portion is still ahead of him. These flights reënforce the doubts, which have so often been expressed, whether such desperately dangerous adventures as these should any longer be permitted. When a transoceanic flyer fails to arrive on time, the governments of one or more countries are forced to spend many thousands of dollars looking for him—a search which, in most cases, turns out to be in vain. The majority of these flights nowadays accomplish little good purpose, even when they are successful, and most of them are undertaken by individuals whose main interest is to make money out of the temporary notoriety they achieve. What is needed, it seems apparent, is similar legislation in all the chief countries of the world, requiring dangerous flights to be performed only under license, and this license to be withheld unless, in the sober opinion of the experts, the aviator has a good chance of coming through alive.

DR. Hans Zörner's second article on Soviet agriculture, on page 283 of this issue of The New Republic, clearly reveals his bias against Communism in theory as well as in practice. His opponents may easily discredit him by pointing to his naïve assumption that under the regime of capitalism which he favors, competition always eliminates the unfit, and to his belief that when "huge enterprises" are created "without regard to the competence of the men who are to manage them," this is the result of

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"short-sighted political measures." What political measures, not arising from the activity of capitalists themselves, were responsible for Insull, Kreuger, Mitchell and the rest? But such a retort is too easy. There is a wealth of evidence to the effect that Russian agriculture has indeed suffered from the sort of mistakes which he depicts, if only in the self-acknowledged efforts of Soviet authorities to correct these mistakes. Can Dr. Zörner's contention be correct, then, that such mistakes are ineradicable in a planned economy—which he here identifies with a Communist dictatorship? The future alone will tell. At least it is now certain that equally serious faults have developed in an unplanned economy. No one can deny, however, that this sort of error is all too easy under the rule of a dogmatic Communism. There is an unmistakable tendency among Communists all over the world to pay too little attention to technical problems which are essentially the same under any type of social system, and to suppose that the abolition of capitalists will in itself work miracles. Worship of the phrase may gain a political victory, but it will never found a social order that can endure.

How to Stabilize Money

IN GIVING his congé to the London Economic Conference, Mr. Roosevelt said one thing which in the long run will be of more interest than anything else in the message, because it was an announcement of permanent policy rather than of a device to facilitate present recovery. After prosperity becomes established, he said, the United States will seek "the kind of dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar value we hope to attain in the near future." This is a project long cherished by a school of economists who see in it a means of avoiding industrial depressions, but never before explicitly endorsed by a political executive. How shall the objective be sought?

One plan, usually associated with the name of Irving Fisher, is to vary the amount of gold in the dollar according as the index of wholesale prices rises or falls. But the effect of such a measure, taken by itself, has seriously been questioned. A given amount of gold could, when prices fell, be used to cover more currency if the weight of the gold in a dollar were decreased; this would facilitate an expansion of currency and, it is contended, a rise of prices. Nevertheless currency constitutes only one-tenth of our circulating purchasing power in normal times, and any increase of currency resulting from this device would hardly be sufficient to produce the desired effect. Bank policy with regard to the expansion and contraction of credit is far more important, since most of our purchasing power is represented by deposits arising from bank loans. Here gold plays only a limiting part, not an active one. Great changes in the amount of credit are possible without any alteration in gold reserves, under our theoretically elastic banking system; a necessity for a larger amount of gold would arise only if reserves of the central banks were absolutely insufficient—as they seldom are in times of depression.

Another way in which changes of the amount of gold in the dollar might affect prices is through the operation of foreign exchanges. If one country reduced the gold value of its currency while others did not, prices in the depreciating country might rise. This does not inevitably happen. But even supposing it did, such a situation is inconceivable except for a short period; it would in the end lead to international competition in the depreciation of currency which would negate the effect desired and disturb international trade. Few economists would favor fluctuating exchanges as a permanent policy. If the device were adopted simultaneously by all important nations, this effect would be ruled out.

There remains the possibility of a psychological effect arising from the supposititious expectation of people that since a dollar consisted of less gold—or more, as the case might be—it would be worth less, or more, in commodities. It is difficult to believe that commodity prices are much influenced by any such calculations. Certainly few of us—even few speculators—are in the habit of reflecting, before we spend a paper dollar, upon how many grains of gold it will bring at the mint. We might do so at times when its gold value was changing in terms of francs or pounds sterling, but we scarcely should if all currencies were being subjected to the same alterations.

A more substantial body of opinion has assumed that prices can be and should be stabilized through central banking policy. If the banks expand the volume of credit when prices fall, and contract it when prices rise, they will so change the amount of purchasing power in circulation as to counteract the trend of prices. That is the theory. And it is assumed that this effect will follow if the central or reserve banks lower interest rates when prices fall and raise them when prices rise, or if they buy government securities and so increase bank reserves when prices drop, and sell when prices increase. Proponents of the theory often talk as if these propositions were axiomatic. But experience does not show them to be so.

During the 1923-29 boom in the United States, commodity prices were remarkably steady. If to maintain a stable index of wholesale prices had been the objective of central banking policy, there would hardly have been a cause for drastic restriction of credit. But there did occur inflation of security prices, accompanied by overexpansion of credit in capital markets. This situation at once casts doubt on the proposition that banking policy should be regulated solely with an eye on commodity prices. Eventually the Federal Reserve Banks did attempt to restrict speculative credit, but with little effect.

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It is argued that they would have been successful if they had begun the restriction earlier. But, in that case, what would have been the effect on commodity prices? If the policy had worked as expected, these prices would have dropped. It is arguable that prices of goods ought to have fallen, but if so, Mr. Roosevelt's main thesis requires drastic modification. In any case the restriction of credit which was finally attempted was ineffective.

During the depression the opposite course was taken, likewise without effect. Rediscount rates were held low for months; the Federal Reserve Banks in 1932 accumulated and held almost $1,000 million of government securities. Still the member banks did not expand their credit and the depression grew deeper and deeper. Here again the device failed to work. Some believe it would have worked if it had been applied with even greater liberality. Perhaps.

But now comes the final touch of irony. Since March we have had the most spirited revival, both of prices and production, which the nation has ever known. But this revival was accomplished without any expansion whatever of the outstanding currency or credit. Rather, both are smaller in quantity now than they were at the bottom of the price curve. The velocity with which the existing money has been spent is increased—for some reason or other. That is all. It may be said that this increase, or a large part of it at any rate, was due to a popular expectation of expansion in the quantity of currency or credit or both. People believed that the government would do something about money to raise prices and, by acting on that expectation, themselves caused prices to go up. But this can scarcely be the whole reason. It must be remembered that there were important contributing factors outside the realm of so-called inflation. There was a marked decrease in the prospective supply of wheat, which started grain prices upward. There was the beginning of a "natural" revival, not only in the United States, but in Britain, where no inflation was promised, and even in countries on the gold standard. And, in the later stages of the movement, there was the realization of the administration's plan to affect forces of demand and supply, prices and purchasing power, not simply through currency and credit manipulation, but through such things as crop restriction, public works, wage increases, hours reduction and industrial control.

In our opinion, any attempt to stabilize prices through banking policy alone is foredoomed to failure. Such a program affects the supply of money, but has little influence on the demand, and consequently on the actual use of it, whether in speculation or in production and trade. Furthermore, it does not distinguish among various classes of prices or among classes of incomes, although perhaps the most important requirement for economic stability is a proper internal relationship among prices and incomes. What can influence the actual demand for money and the actual use of it? What can restrict credit in one kind of activity while expanding it in another? What can send some prices up while others are being held down? What can raise wages more than profits? Only specific industrial controls, only ways of regulating supplies of commodities, of expanding consumers' purchasing power in reference to potential supplies, of price regulation in specific markets. In other words, such things as are being attempted, in an experimental way, in the President's agricultural and industrial administrations. Upon the success of these efforts depends mainly the chance to stabilize. When it becomes possible to plan and control the agencies which put money to work, there will be a solid basis for a planned currency and credit, but not before. When the banks can lend money on the basis of production plans, price plans and wage plans which are integrated with one another in order to facilitate a steady and growing flow of useful goods and services into the hands of consumers, the problems of unstable money will almost solve themselves.

London Post-Mortem

SOME GOOD souls are bitterly disappointed at the failure of the London Economic Conference, and are inclined to blame President Roosevelt's refusal to stabilize the dollar for that failure. These innocents expected that the nations of the world, having been chastened by depression, would meet in sackcloth and ashes, agree to reduce tariffs and abolish quotas so that they might enjoy one another's products, return to the sanctity of the gold standard and fix the exchange values of their currencies, settle or scale down their debts, create new debts through loans to facilitate trade, and reenter the never-never land of good old nineteenth-century prosperity. And the trusting exponents of this theory maintained, not only that prosperity could be achieved in this way, but that it could be gained in no other.

The New Republic has not shared these delusions. Before the Conference met, on June 14, it published an editorial, "Sweet Nothings at London," pointing out that no nation concerned was prepared to reduce tariffs much, that both the United States and Great Britain would refuse to return to gold, that France had no interest in the Conference except to persuade these two Great Powers to do this very thing (and also persuade them to forgive war debts—a tabooed subject), that Germany, Japan and the other nations were not ready to abolish exchange restrictions. It held out limited hope only of an agreement not to engage in a devaluation race among currencies, and of cartel agreements on wheat and metals.

In a subsequent editorial we argued that the Conference had adopted the wrong tactics in attempting to remove obstacles to trade by a frontal attack.

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Many of them are not prime causes of depression, but rather results of depression, which indeed aggravate it but are difficult to remove as long as depression exists. Free trade alone, we said, even if it could be attained, is not an insurance of prosperity, as may be seen by the experience of the internal economy of the United States, the greatest free-trade area in the world. What is needed is, first, an internal economy which is capable of avoiding overinvestment, maldistribution of income, and all the other confusions of a regime not subject to social plan.

The reason the London Conference could not remove trade barriers was, we said, that "the fundamental conditions which give rise to barriers have not been dealt with. Any nation which had its internal economy in good order, and was operating that economy with a view to producing the highest possible standard of life for its whole population, would be only too glad to trade what it could produce to the greatest advantage for what other nations could produce better. Protective tariffs would be silly. But a nation whose economy is run in the interest of private profit-makers cannot be a coöperative part of a world economy." This does not mean, as a correspondent this week takes it to mean, that we favor exclusive economic nationalism, or that we think a country like Belgium can be a self-contained economic unit, or even that we think the United States can be more prosperous without foreign trade than with it. But it does mean that laissez-faire, whether on a national or on a world-wide scale, cannot work. Indeed, laissez-faire breeds its own contrary.

As a consequence of these opinions, we were not unprepared for Mr. Roosevelt's refusal to stabilize. Nor did we regard this refusal as the rock on which the Conference foundered. Rather it was only one rock in a long reef. If the Conference had not shattered its bottom on this, it would have done so on any one of the other subjects with which the agenda bristled. Amercan diplomacy may fairly be criticized, not for the failure of the Conference, but for allowing its opponents to choose the precise issue which caused the failure. France took the initiative and put our delegation on the defensive by pushing dollar stabilization to the fore. We might have placed the blame for failure on France by taking the aggressive on trade quotas. Or on Germany and Japan by letting the delegates discuss nothing but exchange restrictions. But the end result would have been the same.

As the Conference developed, it became obvious that the major conflict of opinion was between those who wanted recovery with rising prices and those who wanted it with existing prices, or at least wanted to maintain existing prices, whether or not recovery occurred. The United States was the chief exponent of the first policy, France of the second. Both were equally nationalistic. Only the soft-minded innocents described in the first paragraph could have supposed that in this controversy France was the champion of internationalism. The United States was for the moment faced with the choice between giving up her internal policy of recovery and giving up agreement with France. Naturally, in view of its diagnosis of the depression disease, The New Republic supported the administration in choosing the first course. This does not mean that we do not want international coöperation. It means merely that we do not want it on a deflationary program.

Meanwhile the drift of economic affairs throws a flood-light on the contention of the traditionalists that the only road to recovery is through international laissez-faire. Not a single one of their objectives has been achieved. The London Conference made no progress whatever in removing barriers to trade. Nevertheless, a worldwide revival is in progress. Production and employment have increased, not only in the United States, but in most other nations, whether on the gold standard or not. Even prices have started upward in several other nations. Nowhere else is the pace so rapid as in this country. Nevertheless, there are unmistakable signs of a worldwide recovery, without any changes whatever, except for the worse, in the conditions of international trade.

If this recovery makes progress, and particularly if the American program succeeds, it may be possible for the nations to meet again in a few months. Some at least of the depression-bred restrictions will no longer have reason for being. Dollar prices may have reached a point at which the administration will be ready to stabilize. Then we shall see whether it is possible to make headway with tariffs, debts and the like. Capitalism under depression is unable to make the international adjustments which are required. Until now, capitalism under prosperity has been unwilling to avoid the mistakes which lead to depression, and which intensify it when it comes. Another conference after revival has become established—if it does—may test whether there is any possibility of regeneration in this respect. The important thing in the meantime is to conduct the internal experiment in the United States with as much intelligence and forcefulness as possible.

THE NEW REPUBLIC

PUBLISHED WEEKLY AND COPYRIGHT, 1933, IN THE U. S., BY THE NEW REPUBLIC, INC., 421 WEST 21ST STREET, NEW YORK CITY. BRUCE BLIVEN, PRESIDENT. DANIEL MEBANE, TREASURER.

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New Deal Architecture

THE WORDS "New Deal" have the magic of slogans. Some even believe that all that is needed to have good times return is to invoke them. The present government fortunately has been able to become the active center of the nation. One may query: Does the government propose to apply the formula "New Deal" also to architecture? What is the government's position in regard to architecture? What types of buildings may we expect to see for the $3,300 million which we are about to spend? Part of this sum will go to highways, sewer plants, bridges and public works in general. Another part will go to post offices, customs houses and federal buildings. A third part will go to low-cost housing and slum clearance. These three fields of building are to be given coördination and impetus by direct action of our government.

Nine months ago we sat around a table with a group of men discussing housing. The head of a large real-estate firm was present and he looked incredulously at us; he assured us that our preoccupation was uncalled for, to his knowledge there wasn't any housing problem at all. Since then, fortunately, newspapers and magazines have told the story again and again. We recognize, as our government does, that there is a national emergency which affects the public welfare and undermines the standards of living of the American people. And with our government we are anxious to fight this emergency.

There is going to be building activity. Will "building" also mean "architecture"? Most existing buildings clearly show that they are not architecture, since architecture is the fulfilling of the needs of contemporary men intelligently and esthetically. We turn page after page of our newspapers, read every word announcing "developments of prime importance to the building industry—the professional, construction, financial and manufacturing groups," and yet we cannot find the word "architecture" mentioned anywhere, and still less an opinion about it. Someone might at least whisper the word. The concise document submitted to the Public Works administration under the Industrial Recovery Act by the Regional Planning Association of America does this much. It reads: "Nor should too much respect be accorded the past customs in building procedure or actual design. The horse and buggy gave no clue to the proper design of motor cars." And they might have added that, unfortunately, the horse and buggy *did* give the clue for improper design of motor cars—a design which has retarded development in their own correct form ever since the first one was manufactured.

Now as soon as the central agency in Washington is organized, the first problem will be how to choose from among the many architectural theories. Will the government find its architects as the majority of private clients do—because of school, fraternity or club connections, or because of a good fund of anecdotes and a corking game of golf—without knowing or caring about their ideas as to what architecture is? We may in this coming year spend more money than Louis XIV did on building during his lifetime and achieve only an anomalous hodge-podge: thick-walled, narrow-windowed Tudor housing developments in the Middle West, Gothic power stations in the South, fat-columned Renaissance customs buildings on the Coast, and Spanish tiled-roof, arabesque housing developments wherever a bit of moss dares to wave. A government with a forward-looking and planning attitude towards agriculture and industry should not be so retrogressive as to weigh down the country with such a baroque collection of bastard buildings.

Unfortunately, it is not at all unlikely that men most capable in their own fields have given little thought to the principles which have motivated all good architecture of the past and now motivate modern architecture. We go through our streets without noticing the buildings, perhaps because the buildings which line almost every one of our streets are meaningless. Here is an imitation of a Greek temple for a bank, there an Italian *palazzo* housing a clothing store—all "picture" architecture. The more richly illustrated books you have in your library, the more skillful you are at "picture" architecture. Here and there on our streets, in recent years, room has been made for a new product. It had to be new (people were getting restless) but not too new (the loaning institutions shouldn't be frightened away). This is the product of our contemporary "zigzag" architecture. Old fluted pilasters become new when made flat, old wrought-iron grilles become new when chromium-plated and embellished with a few gazelles. In other words, "zigzag" is a close cousin of "picture" architecture. No wonder the majority of people have no idea what modern architecture means.

But should not our government know? Our government is so equipped that it can investigate and compare, while often the individual citizen cannot. The United States can ill afford to invest a large portion of $3,300 million in buildings which would become obsolete in five or ten years. Wouldn't it be wise to find out first what architecture really is and then find out what type of buildings will give the maximum guarantee to the nation of remaining a sound investment fifty or a hundred years hence?

What do defenders of truly modern architecture believe in? Modern architects attempt to face the

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facts of contemporary life and to solve building problems by organizing their plans along the most practical and esthetic lines. Modern architecture has established a clear process of thinking—designing forms according to their functions where, for several generations, a more or less pretty and unrelated sketch had been felt sufficient. Modern architecture analyzes, coördinates and plans. At present we are coördinating our railroads, planning our industries—it is high time that it should be done, but modern architecture has been doing this coördinating and planning for at least twenty years.

The first successful attempts made recently in European cities to clear away slums and to build decent housing on a large scale were undertaken by modern architects. Modern architects rediscovered that man is the scale, that what counts is man and his activities, that man had been actively engaged in digging oil wells, developing railroads, automobiles, harvesting machines, electric lights, telephones, wireless, and that all these activities had modified his points of view, his requirements, his very life, while architects meanwhile had gone on playing with "picture" architecture. It is to the acceptance of man as the scale for architecture, instead of a king as at Versailles, God as at Mont St. Michel, or a tomb as in the Pyramids, that we owe the present tendency in housing. Modern architects had to investigate contemporary life until they found the real meaning, the real inspiration of their vocation. Step by step they followed the private activity of man. They realized that the wash basin must be at the most convenient height, that when a man works the light must be in the most convenient place. What should be the height and size of the tables and chairs when he eats breakfast? Can the room be so arranged that the morning sun will shine on the breakfast table? How much time does an individual spend going from his front door to the factory or the office? Must he take the subway, street car or a bus? All these diagrams, all these charts were drawn up for architecture and its ally, city planning. Half the space of an attic under the old-fashioned pitched roof had been a total waste. Couldn't roofs be made flat? Couldn't sun porches, recreation terraces, out-of-door games, be arranged there without additional cost? Then, for almost the first time in the history of architecture, the vital question of money was analyzed. Why was this value attributed to this piece of land and that value to another? Why do sections of cities become slums? The modern architects tabulate, progress, write down the answers.

This is what modern architects—and sociologists—mean by housing today, not what real-estate promoters mean by it. This is what we hope the present government means by it. Among the goals to be reached are: rents to be strictly related to wages; houses to cover no more than 40 percent of the ground so that every room may have its fair share of air, sun and view; rooms to be sufficiently large, though simple and plain in finish; every apartment to have cross ventilation; rooms to be laid out in such a manner that privacy is obtained although costly and dark corridors are reduced to a minimum; decent hygienic standards with up-to-date plumbing. There is no longer any excuse for walled-in courts; I might even say that any project which featured inside courts should be condemned without further analysis.

That all this is actually feasible no builder would deny if he had in front of him a housing operation large enough in scale so that it would justify his undertaking it as efficiently as he does most of our skyscrapers, where one process is followed by another without the loss of a minute, where purchasing power is so large that the best can be bought at the lowest price.

New building materials are available and to use them means less costly and better built buildings. New methods of construction are available and to employ them means less costly and better built buildings. Who can overcome the natural inertia of local ordinances and help town and country communities to revise their building codes more effectively than the federal government? A fireproof construction, intelligently designed, with simple, straightforward forms carried out on a large scale, is hardly more expensive than the old-fashioned semi-fireproof or non-fireproof types. From the point of view of maintenance costs and the safety of the tenants, the superiority of a fireproof type is obvious.

Modern architecture, housing, city planning, scientific use of land, are really interlocking parts of the whole. They call for research, foresight, ability to face the new problems of traffic and to meet the new standards of hygiene. At one time city planning meant special arrangements such as we have in Paris and in Washington—a few parks, plazas and wide avenues in the rich sections, leading to the bronze statue of a general around which one had to drive, while at the same time not even the elementary provisions of air and space were enforced for the quarters of the poor. Today, with proper emphasis placed by modern architects on man, on his occupations, on his fundamental requirements, city planning has become what it should be—a scientific study of all the social classes and problems of a city—industrial, residential, commercial, recreational, traffic, and their various interrelations.

It can hardly be said that we are land poor. This fact is gaining more and more recognition, even in New York City. But we have a habit of being wasteful. We overcrowd in one place and let land go to unsightly waste in another. We must revise our ideas about ground coverage and our ideas about streets. We have inherited the erroneous notion that streets should represent a pattern, in most cases a pattern of squares. After the streets were laid out we built the buildings to fill in the

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square blocks, but really it is the reverse process which must take place: buildings must be planned first and the streets second.

When planning its own government buildings, the federal government is in the position of a particularly privileged individual. It has at its command research laboratories and all kinds of statistical and testing agencies. It should, therefore, succeed in obtaining—with many fewer mistakes than would the private citizen—the very best, the most efficient, the most economical as well as the most beautiful buildings. By what token is a series of large Renaissance columns a symbol of democratic government? In fact, the columns are an unnecessary expense and, by usurping the place of windows, reduce the amount of light and, incidentally, the efficiency and health of the government employees. The money thus saved might be well invested in additional comforts, such as soundproofing and air-conditioning, which again would obtain more efficient work. At the present time, miles of noisy corridors, all wainscoted with white marble, lead from one department to another. They are endless, and wide enough for the passage of a parade. Government is a form of business. In modern life pageantry has been reduced to a minimum; an analysis of the business would show the most logical route for the conducting of the daily work, the most efficient grouping of the necessary offices.

To plan housing, to plan federal government buildings, to coördinate all the building enterprises of the government in its praiseworthy efforts to act as a "primer" and thus revive private work, to organize nationwide public-works surveys—all this is necessary. Yet it is not enough. The choice of a definite architectural theory must be made, a clear-cut position must be taken. Who knows if, in investing its and our millions functionally, economically and esthetically, the government would not be laying down the foundation of an American architecture, of modern architecture for a modern nation?

WILLIAM LESCAZE.

Who Controls Business?

WITHIN the last twenty-five years, unrecognized by many usually careful observers of economic trends, conditions affecting the control of business in this country have undergone astounding changes. Since the beginning of the century private property, as it used to be known, has all but disappeared. Throughout world history private property has always consisted of the physical possession of tangible goods over which the owner exercised complete and direct control. With the tremendous growth in the number and size of corporations during the last two decades, more than three-quarters of our national wealth has been changed to corporate form in which individual owners have physical possession only of pieces of paper —certificates of ownership—and, for all practical purposes, have almost no direct control over their tangible wealth. This change in itself is of great significance but it has only been a first step in a progressive movement which has carried us to a new economic order inconceivable fifty years ago.

The total national wealth of the country has been estimated to be about $367,000 million. Of this total about $210,000 million represents all business wealth, and $165,000 million—78 percent of all business wealth—is corporate wealth. There are approximately 300,000 non-financial corporations in the country among which these $165,000 million of corporate wealth are distributed but, according to Berle and Means, the 200 largest corporations in the country—representing .07 percent of the total number—had assets at the end of 1929 totaling $81-000 million, nearly half of all corporation assets.

These 200 corporations controlled about 38 percent of all business wealth and about 20 percent of our national wealth. Obviously, they are fairly important elements of our economic system. But this only opens the story of the change in the control of our business. The rapid development of huge quasi-public corporations like the American Telephone and Telegraph Company, in which ownership of stock is distributed widely among millions of stockholders so that no single individual or group owns more than a fractional percentage of the stock outstanding, has tended to concentrate actual control in the hands of its management or some other small group which, by means of various modern legal devices, can maintain control of the corporation with a minimum of investment in it. The groups in control become practically self-perpetuating and, except for long and expensive legal battles in which the money of dissenting stockholders will be used to fight them, are virtually independent of any outside influences.

In summary, then, the immense and increasing concentration of business wealth into great corporations, the diffusion of stock ownership among many millions of individuals and the centralization of power in the hands of a few who usually own but a small fraction of the business they direct, has brought about conditions unique in the history of the country. Typical of the extent to which this trend has already advanced is the fact that of the 200 largest corporations which were studied by Berle and Means, only ten, representing about 2 percent of the total assets of the group, are controlled by owners of a majority of the outstanding stock. All the other 190 corporations are con-

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trolled by closely integrated groups of minority stockholders, by various legal devices or by the managements. Pyramiding through holding companies has been a favorite method in recent years to get cheap control over great corporate interests. The Van Sweringens are said to have retained control over eight Class One railroads having total assets of more than $2,000 million with a total investment of $20 million. With about $1 million invested, H. L. Doherty and his associates maintain control over the $1,000 million assets of the Cities Service interests. An investment of $1 million controls the $1,000 million assets of Standard Gas and Electric Company. This list could be extended indefinitely.

Since all corporate studies indicate that the rate of growth of corporations varies directly with their size, perhaps a better picture of concentration of corporate power as it is now and is likely to become within the next decade, if present trends continue, will be shown by a detailed analysis of a smaller group of the largest corporations in the country. Further than that, actual control of corporations is in the hands of individuals who usually are associated with great banking houses, so that a study of the interrelationships of the individuals in control of corporations and their banking affiliations should give a complete picture of the present state of concentration of economic power.

A study has been made of the interlocking directorships of the forty-three largest non-financial corporations in the country, each with assets of more than $500 million at the end of 1931, with twelve large banking houses and three large insurance companies. It discloses that there are 166 individuals who hold a total of 298 directorships in these forty-three giant corporations, and 117 more directorships in the twelve financial houses. The corporations embraced in this study include eleven industrials, seventeen public utilities and sixteen railroads. The aggregate assets of this group in 1931 were $46,000 million, which represents 13 percent of our national wealth, 22 percent of our business wealth, 28 percent of our corporate wealth and 57 percent of the aggregate assets of the 200 corporations studied by Berle and Means—a fairly substantial wedge of our corporate pie.

Table I shows the extent to which ten great banks and three insurance companies exercise influence over these forty-three corporations, not only by direct representation on the boards of each, but by relationships with other banks which also have representatives on the corporation boards. To show the details of a single bank's interrelationships, to a considerable extent typical of all, Chase National Bank has fifty-four votes on the boards of twenty-seven of these corporations, which have aggregate assets of $25,000 million, 51 percent of the total assets of the group.

A still clearer picture of the banking influence upon corporate activities may be seen in an examination of the extent to which banks are represented on the boards of the ten largest corporations in the country, each with assets in excess of $1,000 million at the close of 1931. Table II gives this information. This study, carried to its ultimate conclusion to disclose all banking affiliations, shows that these ten giant corporations are ruled by 124 directors who represent twenty-three financial houses. As a final demonstration of the close community of interest which joins great banks and corporations with a small integrated group of individuals, these twenty-three financial institutions exchange 109 directorships among them.

TABLE I

Banking Representatives on Boards of the Forty-three Largest Corporations

Bank	Number of Directors	Number of Corporations
Chase National Bank, New York...	54	27
J. P. Morgan.....	26	13
Guaranty Trust, New York.....	32	10
Old Colony Trust, Boston.....	12	6
First National, Chicago.....	10	6
Lee, Higginson Trust Company....	10	4
Irving Trust, New York.....	13	7
First National, New York.....	15	8
Bankers Trust, New York.....	29	18
National City, New York.....	22	9
Mutual Life Insurance.....	36	11
New York Life Insurance.....	8	5
Metropolitan Life Insurance.....	7	4

TABLE II

Banking Representatives on Boards of $1,000 Million Corporations

United States Steel Corporation

	Number of Directors on Corporation Board
J. P. Morgan.....	4
Mutual Life Insurance.....	4
First National, New York.....	3
Guaranty Trust, Cleveland.....	2
Aetna Insurance	1
First National, Boston.....	1

Total: 6 banking houses, 15 directorates

General Motors Corporation

Chase National Bank, New York.....	4
First National, New York.....	3
Bankers Trust, New York.....	3
Mutual Life Insurance.....	2
J. P. Morgan.....	2
National City, New York.....	1
Manufacturers Trust, New York.....	1
Irving Trust, New York.....	1
Guaranty Trust, Boston.....	1
Old Colony Trust, Boston.....	1
Equitable Trust, New York.....	1

Total: 11 banking houses, 20 directorates

American Telephone and Telegraph Company

Mutual Life Insurance.....	6
First National, Boston.....	6
Guaranty Trust, New York.....	4

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First National, New York	3
First National, Chicago	2
Stone and Webster, Inc.	2
Lee, Higginson Trust Company	2
Old Colony Trust, Boston	2
New York Life Insurance	1

Total: 10 banking houses, 29 directorates

Commonwealth and Southern Corporation

Bankers Trust, New York	3
Chase National Bank, New York	1
Irving Trust, New York	1

Total: 3 banking houses, 5 directorates

Southern Pacific Company

Guaranty Trust, New York	2
Stone and Webster, Inc.	2
Lee, Higginson Trust Company	2
First National, Boston	2
National City, New York	1
Equitable Trust, New York	1
New York Life Insurance	1
First National, Chicago	1
Old Colony Trust, Boston	1
First National, New York	1

Total: 10 banking houses, 14 directorates

Pennsylvania Railroad Company

Penn Mutual Insurance	2
Guaranty Trust, New York	2
Philadelphia National Bank	1
First National, Boston	1
Old Colony Trust, Boston	1

Total: 5 banking houses, 7 directorates

New York Central Railroad Company

First National, New York	3
Mutual Life Insurance	2
Old Colony Trust, Boston	1
Equitable Life Insurance	1
Chase National Bank, New York	1
Guaranty Trust, New York	1
J. P. Morgan	1

Total: 7 banking houses, 10 directorates

Atcheson, Topeka and Santa Fe Railway Company

Mutual Life Insurance	3
Guaranty Trust, New York	2
New York Life Insurance	1
Bankers Trust, New York	1
First National, New York	1

Total: 5 banking houses, 8 directorates

Union Pacific Railroad Company

Guaranty Trust, New York	3
Chase National Bank, New York	2
Mutual Life Insurance	1
Aetna Insurance	1
National City Bank, New York	1
Stone and Webster, Inc.	1
Metropolitan Life Insurance	1

Total: 7 banking houses, 10 directorates

Baltimore and Ohio Railroad Company

Metropolitan Life Insurance	2
First National, Chicago	2
Cleveland Trust Company	1
First National, New York	1
New York Life Insurance	1

Total: 5 banking houses, 7 directorates

Grand Total: Twenty-three banking houses have 125 directorates in these ten corporations each having assets in excess of $1,000 million and with aggregate assets of $17,822,000,000.

The extent of the influence of these 166 men on the activities of the forty-three corporations is emphasized by a study of the forms of control exercised over these forty-three corporations. Only one of them, the Ford Motor Company, is controlled by majority stock ownership. In fourteen other corporations, with 28 percent of the total assets of the group, control is in the hands of minority groups of stockholders. Outright management control rules fifteen more corporations, with 44.5 percent of the group assets, while the remaining thirteen corporations, with 26 percent of total assets of the group, are controlled by some legal device or by the joint action of the management and minority stockholders. Altogether the management is in complete or partial control in twenty-three of the forty-three corporations, whose assets total $26,500 million, nearly 58 percent of the aggregate assets of all forty-three. There can be little doubt that there is a close community of interest between these great corporations and their bankers which make the 166 individuals who participate in all these interrelationships of approximately one mind when they are faced with problems affecting corporate activities.

Lest the reader get the impression from the foregoing emphasis on giant business enterprises that concentration of power is confined to the large corporations and that small and medium-sized businesses still offer ample opportunities for the expression of individual initiative, unaffected by banking influences, let us look at a more complete analysis of the corporate affiliations of Chase National Bank. Unique among banks, at the first of the year Chase had more directors than vice-presidents—eighty directors and only seventy-three vice-presidents, although the latter figure does not include many scores of "second vice-presidents," whatever they may be. Each of these eighty directors has been checked in the Directory of Directors and a tabulation made of his directorships in corporations with at least $10 million of total assets and important enough to be rated in Standard Corporation Records.

The results are startling. These eighty individuals held 287 directorships in 202 corporations whose total assets at the end of 1931 were more than $47,000 million, which represents 28.5 percent of all the corporate wealth in the country. The Chase interests seem to be about evenly divided among the three great business groups: it held 169 directorships in 121 industrial corporations with total assets of $14,000 million; thirty-two director-

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ships in twenty-nine public utilities with assets of $14,500 million and eighty-six directorships in fifty-two transportation and communication corporations with assets of $18,500 million.

There are about 18 million stockholders of record in this country, including an unknown number of duplications, who really own our corporate assets. There are 48 million persons who normally work for a living and depend to a large extent upon these corporations for their livelihood. Then there are 122 million of us who buy the products of these corporations and are deeply interested in the prices and the quality of the products they offer for sale. That the actual and effective control over this gigantic national enterprise is in the hands of a few hundred individuals, who are virtually immune from our own influence or that of our representatives in the government, and are free to administer three-quarters of the national wealth as they see fit, seems incredible but it is true. These industrial colossi may be burdened with no greater allotment of greed than is apportioned to the average human being, but in combination with their extraordinary and unprecedented economic power, they possess a Herculean weapon which, too often, has not been employed in the sincere protection of the public interest.

K. W. STILLMAN.

Agriculture in Russia: II[1]

WHAT WAS the fate of the collective farm, the other form of agricultural enterprise which was meant to give a great new impetus to Russian farming? The following economic and technical considerations led to the introduction of the collective: the innumerable small peasant holdings were backward and were inadequately equipped with the means of production. They would therefore not be able to increase their output in accordance with the Soviet plans of economic development for the next few years. The great number of these isolated individual enterprises must in itself prove a great hindrance to the introduction of improved methods of production and advanced technique. The belief of the leaders in the superiority of a large unit in agriculture alone sufficed—quite apart from political considerations—to make the consolidation of the numberless small holdings into large units seem highly advisable. Consolidation was to bring in modern methods of cultivation and above all of mechanization. It was hoped that a complete application of machinery would stimulate an equal surplus of output which the development expected from the state farms. The machine was also held to be an effective pacemaker for Bolshevist ideas among the peasantry.

Only through a complete misunderstanding of the real problems could the adoption of machinery in the collectives be welcomed with such high hopes. The collectives were organized in the more densely populated areas. Here there was little need to increase the effectiveness of human labor by means of machinery, for a surplus of labor was readily available. The real problem was how to utilize the superabundant supply of labor. The intelligent method would have been to improve transport conditions and to open up new markets. This would very soon have justified the introduction of new types of production with more intensive labor requirements. To create increased economic possibilities for the application of human labor ought to have been the slogan here, rather than to increase the productivity of the worker by means of labor-saving machinery. It would have been better to develop the scanty stock of animal draft power instead of supplanting it by tractors.

The unwavering faith in the superiority of the large unit and in the effectiveness of mechanization led to widespread establishment of collectives. Difficulties at once appeared. The smallest landowners and the landless classes were the first to join the collectives. These enterprises therefore suffered from an acute lack of the means of production.

The historical development of land ownership in Russia led to the existence of larger and smaller peasant farms, and small holdings in the same village. These enterprises of various size were dependent upon one another. The smaller owner borrowed the horses and implements of the bigger farms to till his fields and in return supplied the main source of labor for the large owners. This often entailed hardships for the smaller holder, whose lack of means of production had frequently been unduly exploited by the wealthier peasants. Soviet agitators proceeded to denounce the larger owners as the oppressors of the smaller holder.

The collectives, organized with the poorer peasant classes as a basis, soon found the lack of means of production very embarrassing. In order to overcome this difficulty it was deemed necessary to seize the resources of the bigger farms. At first only the smaller units were consolidated in the collectives and the bigger farms were destroyed and their land and stock incorporated in the collectives. This destructive process was carried out relentlessly and with an exceptional use of propaganda.

THE DRIVE AGAINST THE KULAKS

Kulak was the term to describe anyone who exploited hired labor. The terrorist campaign against the kulak drove many owners of small and medium-

[1] An editorial commenting on this article appears on page 274.

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sized farms into the collectives as the only way of saving themselves. The definition of kulak changed rapidly in the course of events and gradually the term was applied to anyone whose property seemed worth confiscating. In many districts complete collectivization was aimed at, and anyone unwilling to join up was denounced as kulak.

The flight of the peasants into the collectives as the only refuge from persecution caused collectivism to develop more rapidly than the government had anticipated. The effects were undesirable. For the result was not an increase in output but rather a disorganization of production. In the case of livestock great natural resources were squandered, for the peasants who were compelled to join the collectives recognized that whatever they took with them would cease to be their own property. Cattle were butchered wholesale and all measures to prevent this slaughter was unavailing. Thus agriculture was deprived of one of the vital means of production, which, properly handled, might have counterbalanced many of the failures in the development of arable farming.

Labor in the Collectives

It had been hoped that the Communist spirit would prove a great asset to the collectives. This was not the case. It was expected that the members would work just as willingly and efficiently as they previously had done on their own individual enterprises; it was even hoped that the spirit of comradeship would tend to increase their efforts and that the common responsibility would prove an excellent incentive. But very soon it became difficult to maintain an adequate standard of efficiency in the collectives. Consequently the same system of wages that had been introduced in the state farms was adopted. The wage-earning incentive was to replace the spirit of individual enterprise and the initiative that had been so thoroughly stamped out. Piecework wage schedules, so intricate that their practical application proved almost impossible, were introduced in the face of the opposition of the members of the collectives. This process was accompanied by high-powered propaganda and by official pressure. But increased production remained negligible. The output of the collectives did not develop as had been anticipated. The technical equipment could not be effectively employed, since trained personnel was lacking. The shortage of competent managers caused innumerable mistakes in organization and management. A peasant might be capable of running his own small enterprise, but he will scarcely be capable of dealing with the many new problems which confront him when it comes to handling the new large unit efficiently. Misapplication of the means of production caused a terrible wastage of resources in the collectives just as in the state farms. Here also faulty plans and forced development led to disastrous results. This became so evident that Stalin decided to make his famous speech of June 23, 1931. In this speech he decreed a slackening of the pace of collectivization. The response was a strong retrogressive movement. It would indeed have been more advisable to develop the tractor stations instead of forcing the pace of collectivization. These stations might have formed the most effective pioneers of mechanization and of modern production methods. Production might have been stimulated and the destruction of individual enterprise avoided. As it was, no increase of production had been achieved by supplanting the peasant family holdings by large units in spite of all the theoretical arguments in favor of the superiority of the latter.

What was the effect of the expansion of the sovhoz and the collective and of the preferential support of the state offered to these types upon individual farms? All measures without exception hindered the production in the individual section. Means of production were only obtainable under greatest difficulties, taxation was oppressive, the output was ruthlessly requisitioned. All these measures tended to restrict production, for they offered no incentive to increase the output. Moreover, the ever imminent danger of being labeled kulak led many to limit production and equipment to what was necessary to cover the requirements of their families. Land was left fallow and livestock was reduced to a minimum, because the owners were anxious not to attract the attention of the governing powers and because they were afraid that any semblance of affluence would excite the greed of some neighboring collective. Such conditions, of course, by no means favored production; the tendency toward decreasing output also holds good for the individual farms. The Soviet statistics showing higher returns for the collectives than for individual farms are to be treated with a certain amount of caution. But even if they are correct, they do not prove that the collective is a more efficient form of production than the individual farm. If one type is supported and bolstered up by the state in every way while the other is subjected to oppression, it is natural that the latter type will lag in production. But that is no proof that the individual farm, if it is freed from persecution and offered the possibilities of unfettered development, may not very soon exceed the collective output.

General Collapse of Agriculture

The general state of Russian agriculture presents a disheartening picture. In spite of all efforts to increase production and notwithstanding a great expansion of acreage, the total output has steadily declined. In the main this is not the result of adverse weather conditions but is evidently the consequence of faulty economic measures. Though in 1931 there was a medium harvest after a good one in the previous year, in 1932 a bad harvest followed a medium one; in 1931 food supplies ran short and hunger was prevalent in many districts.

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In 1932 difficulties were accentuated and hunger reigned throughout great tracts of the country.

A system of agriculture such as has been ventured upon in Russia depends upon the competent support of a highly developed industry. The mechanization of the state farms and the introduction of machinery on a large scale in the collectives placed great demands upon the industrial output. At the beginning of the development foreign countries provided the machines. But the growing demand for machinery and the difficulties of financing imports increased the dependence of agriculture on the home industries. The support that Russian industry has given so far to agriculture has been scant and the probability of greater effectiveness in the near future is extremely remote. It is true that the development of the industries has been fostered at the expense of agriculture, but the establishment of industrial plants is useless so long as they do not function satisfactorily. Great buildings with modern machinery equipment are alone no guarantee for efficiency so long as the men who know how to handle the whole plant properly are wanting.

In a few cases this problem may have been solved, but not as a general rule. The same difficulties which arose in the state farms—inadequate organization and incapable management—also seem prevalent in the industries. Russian machines now to be found on the farms are defective. Moreover, in addition to poor quality, the problem of repairs and supply of spare parts is far from being solved. The satisfactory solution of this problem presents even greater difficulties than the mere production of machines, and the achievements even in the latter respect are anything but encouraging. In the last years the resources of agriculture have been drained in the interest of industrial expansion. Out of the concept of the role of agriculture in its relation to the whole economic system there arose the doctrinaire notion that this toll on agriculture would speedily be balanced by the great impulse which industrial development would give to agriculture. Like agriculture, the development of industry was artificially speeded up with an utter disregard of all the mishaps and setbacks which were bound to occur in the course of such rapid development. The draining of the resources of agriculture was in itself full of danger; the catastrophe was clearly impending as soon as the industrial support of agriculture, systematically weakened and rendered dependent upon the industries, was not forthcoming.

Consequences of the Program

In a country where agriculture is of such predominant importance as in Russia the agricultural situation must necessarily have the most far-reaching effects upon the whole economic state of the country. A terrible impoverishment of the land and great hardships among the population are visible everywhere. A further disastrous result is the monetary disorganization now reigning in Russia.

The Decline of the Ruble

The buying power of the ruble is steadily falling. Its dwindling purchasing power would be insignificant if incomes grew in inverse ratio. But the worst feature of the monetary situation in Russia is that incomes have reacted hesitantly to the decline of the currency. It is often the case that a highly qualified worker whose job it is to handle an extremely intricate apparatus and who may be required to speak several foreign languages only earns 60 to 100, or at the utmost 150, rubles a month, whereas a bootblack in a hotel may easily collect from 600 to 700 rubles. Furthermore, the ruble has a greatly varying buying power depending on the status of the spender. A member of the G.P.U. can buy a pair of boots at his special coöperative store for five or six rubles and butter and sugar for a few kopecks. A factory worker may in theory be offered the same facilities, but in reality the coöperative store at which he is entitled to buy will never be adequately supplied with cheap commodities, and on the open market excessive prices must be paid. Such a state of affairs falls far short of the Communist ideals. Wide differences in prices and the decline of the currency have given rise to a most unhealthy speculation. All the forms of illicit barter and trading which accompany every period of inflation now flourish in Russia. Under the sharp pressure of a shortage of food and lack of the most primitive necessities of life, the impoverishment of the masses is constantly increasing.

The much vaunted assertion that there is no unemployment in Russia is no consolation. First of all, the incorrectness of the official statistics is borne out by the fact that one continually comes across unemployed. But even if unemployment were nonexistent, that would be no proof that the economic problems of the country were satisfactorily solved. It would be the result of a most uneconomic overstaffing of the machinery of production and administration. The overgrowth of bureaucracy outruns anything ever known in capitalistic countries. Moreover, in production usually twice the necessary number of men are alloted to every job, with the result that the output is below par. Overstaffing predominates among the executives, both in industry and in the collectives. Of course, this keeps people off the streets, but the income of the workers is lower than that of the unemployed in other European countries; neither the employers nor the employees benefit.

Last year's comparative collapse of the agricultural system had devastating effects on the whole life of the country. The fact that the key problem of Russian economics—the agrarian question—still remains unsolved casts a blight on all social and cultural endeavors of the government and undermines a great program which undeniably contains a number of praiseworthy features. The great efforts to raise the cultural status of the country and to effect great improvements in education are bound

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to founder on the lack of means which must inevitably and for a long time to come be the result of the collapse of the agricultural system. All such efforts must also be imperiled through the aggravation of the political situation which is a consequence of the present state of agriculture. The fact that the masses are from day to day falling more deeply into abject poverty must ever widen the gulf between them and the government. The leaders must therefore put ever greater importance on the political trustworthiness of the administration and fill all important posts with staunch followers of the system. The deciding quality is not capability but, almost solely, political reliability. In course of time the administration's standard of efficiency must sink lower and lower. In education competent training for the young generation must suffer, which is all the more deplorable because the next generation in Russia will have to face problems of overwhelming weight and is therefore doubly in need of sound education.

Is the System at Fault?

The student of the Russian situation is faced with the question whether the numerous failures of the last years are only the result of faulty application of the principles of the system or whether the system itself is fundamentally false and therefore a priori unfit for solving the problems of Russian economics. If we first assume that the basic ideas of the system are sound, then the haste with which all executive measures were put into effect was a great mistake. Even assuming that in principle the sovhoz and collective farms were efficient types, the difficulties in the introduction of these novel units could only be overcome in the course of a prolonged evolution, step by step, commencing with the selection and training of a qualified personnel. Even if the objective itself were correct, the absolutely unsound pace at which the measures were instituted was bound to entail great waste and eventual failure.

But the objective itself, the basic economic principles of the system, appear to me to be false, because in their totality and in detail they stand in contradiction to fundamental laws of nature and of economics. In nature every process of growth bears in itself its own limitations, which cannot be exceeded. The same principle applies to economics, if only by reason of the simple fact that man—the decisive productive element—is subject to the stated law of nature. For this very reason men only succeed under free economic conditions if they suit their ambitions to their capabilities. As soon as they outstep their inherent natural limitations they are doomed to failure in the battle of competition. Enterprises of exceptional dimensions—if they prosper—are always the work of men of exceptional creative genius. The reverse process, the creation of huge enterprises without regard to the competence of the men who are to manage them, must almost always lead to disaster. One cause of the universal depression is the fact that out of short-sighted political measures have arisen economic complications of such preponderant dimensions that they outrun the capabilities of the average man. Another such preponderant economic problem is the endeavor to organize the vast agricultural expanses of Russia in one planned system. This gigantic central problem was subdivided into a number of dependent processes, each of which was so unwieldy that its efficient handling was beyond the limitations of human capability. It was believed possible to fit men, like pieces of clockwork, into a huge and intricate mechanical process. The mechanical organization (not only in the literal sense) was held to be of such supreme advantage as to ensure success. The effectiveness of individual enterprise in a narrow field of work, for instance the peasant on the family holding, was utterly underrated, and the effectiveness of human labor in the mechanized unit was hugely overestimated. This mental attitude explains the complete disregard of the unbounded productive capacities of peasant-family enterprise.

The planned organization of the whole economic life of the country as attempted in Russia involves strict centralization of management. The central organization must be endowed with dictatorial powers. The consequences are distressing. For the success of such a dictatorial system in economics must depend upon the frictionless coöperation of the most competent experts, and on the other hand such dictatorship inevitably eliminates intelligent and independently thinking men. The prime requirement of planning is dictatorship; the prime requirement of dictatorship must be the strictest observance of all instructions issued by the central executive. But in view of the overwhelming intricacies of the matter, these instructions cannot possibly always be correct. They must inevitably often prove unsuited to local conditions. Such mistaken instructions must awaken criticism, and the most competent local officials will be the first to recognize mistakes and to oppose them. The central powers will repeatedly have to face the alternative either of submitting to criticism and contradiction on the part of subordinates or of repressing them. To yield to criticism and to admit mistakes is a dangerous course for a dictatorship, as it tends to undermine the central authority and also endangers the realization of plans in so far as it would embody a departure from the lines laid down by the system.

Suppressing Criticism

The other alternative is to stamp out criticism by putting the critics out of action. This has been done to such an extent that at certain times the prisons earned the nickname of hotels for experts. Such a policy is the inevitable consequence of the system. It must arise out of every dictatorship based on unsound economic foundations, and may even prove difficult to avoid in economically sound

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dictatorships. This policy must assume proportionately greater development, the greater the hardships that are enforced upon the country. The Communist ideals which still form the creed of millions throughout the world cannot be realized; they are stifled under the overburdening consequences of a false economic system. HANS ZÖRNER.

Washington Notes

Coma in London—The Domestic Program—The Capitalists Begin to Squeal—The Super-Cabinet

IN A VERY short time now the World Economic Conference which, since Roosevelt's blast from the jolly old "Amberjack II," has been in a state of more or less dignified coma, will have expired completely, with only a few mourners left in London to keep up the pretense that a resurrection is possible. Much as one likes to take an optimistic view, and regardless of the belief that the President's refusal to discuss stabilization was sound, it must be admitted that the American representatives had an embittering experience and will come home with their tails between their legs.

They are described by the special assistant to the Treasury Department, Dr. O. M. W. Sprague, as "sailing in a fog." They ran short of money. They were almost from the start in a state of demoralized confusion, without a sense of direction or harmony of view. Some of them had their feelings hurt by the failure of the President to be more frank with them, and by the spectacular Moley incident. Altogether they are entitled to considerable sympathy because their embarrassments were not of their own making, and most of them could have been avoided by a little tact and more foresight on this side.

However, it is all over now—or very soon will be—and the sensible thing to do is to forget it. At least, we lost nothing at the Conference, unless one counts as an asset the lost opportunity to promote international friendliness and coöperation. Few will contend that the Conference resulted in any progress toward these goals. Fewer still will contend that any appreciable number of people in Washington care. The fact is that concentration upon the efforts to get into operation the recovery program is so intense that, for the time being at least, international policies have been relegated to the rear. There is no time, energy or inclination to give them serious consideration until the domestic program has produced the expected results.

As to the progress the domestic program is making, undeniably it is encouraging, when one considers the magnitude of the job and the inevitable difficulties certain to attend the introduction of such new and radical experiments. The President certainly did an effective thing when he put the public-works feature in the hands of Secretary of Interior Ickes. There is reason to believe he will get quicker action from Mr. Ickes than he could have from anyone else. It is also, I think, fairly well assured that under Ickes's direction and control the great sums to be expended to put men back at work will be accompanied by a minimum flavor of politics and an absence of graft. Not only the contractors who clutter up to the hotels here, but the various and sundry Democrats of prominence who have opened up law offices in the capital city, have had some convincing proof in the last few days that political and personal influence exerted upon Mr. Ickes does not bring results. The money has already begun to flow out in a pretty steady stream, but it is a controlled stream and the unendorsed projects have caused considerable disappointment to a large number of interested persons, including state officials who thought all they had to do was come down here with a schedule of bridges, buildings and dams and get their money. It is not working out that way, but it is working. No sane person expects that so huge a sum will not involve waste, but, quite obviously, Mr. Ickes intends it shall not be deliberate and avoidable waste.

On the industrial and farm-relief sides of the recovery picture, no effort is made to conceal the fact that obstacles have arisen. Secretary of Agriculture Wallace was slightly disappointed in the outcome of the cotton campaign, but there will be no let-up in the work of putting the relief measure into full operation, nor, so far as I can gather, has there been any diminution in the belief that the plan is feasible and well founded. The difficulties in dealing with the individual producers are obvious and the Farm administration realizes the necessity of educational methods to inculcate among them a better understanding of the scope and purpose of the Act. The real trouble is to get the farmer to look ahead and not regard the extraordinary rise in the price of his products as permanent.

The Industrial Director, General Johnson, has had a somewhat different and more difficult situation with which to deal. Industries that a few weeks ago were clamoring to be taken over by the government, anxious for any form of federal supervision and control, appeared to experience a change of heart with the improvement in business. This was partly due to the restored health of general business but it was also due to the insistence of the administration upon shorter hours and more pay as the basis of every code. The lawyers got into the game, as usual, and the first thing one knew there was a vast lot of talk on the part of business leaders about the Act's unconstitutionality. In other words, there was for some days around here an exhibition of customary business stupidity.

Up to a point, the administration had pursued a most conciliatory policy and every effort was made to obtain voluntary coöperation from recalcitrant industries. But patience soon was exhausted and from a number of different directions it was made plain to the recalcitrant that the law gave the President power which he would not hesitate to use. Mr. Donald Richberg, counsel for the Industrial Director, explained the law most plainly to a gathering of New York business men. General Johnson made some blunt statements of fact, and the President himself had the head of the Steel Corporation come to the White House for a conference. The next result was that the codes began to pour in and, at this writing, there are so many under consideration that the work of promulgation is necessarily delayed.

There is, of course, no way of verifying the fact, but the well circulated report is that Mr. Roosevelt rather

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bluntly informed the president of the Steel Corporation that unless the steel people came to the front with a code which could be approved, he would be compelled to lay the whole situation before the country through a radio broadcast. He did not want to have to do that but if it seemed necessary he would do so. In any event, after his White House talk, the Steel Corporation official's attitude considerably altered and the promise that a code for the steel industry would shortly be forthcoming was made. The whole point of all this is that difficulties and resistance were inevitable. However, up to date none has developed, and anyone who does not believe the administration is determined to put both acts to a complete test does not understand the administration's frame of mind.

Incidentally, the general feeling here is that Mr. Roosevelt did a sensible thing when he brought Mr. Frank Walker here as executive secretary of the so-called Super-Cabinet, which includes the official Cabinet plus the newly created officials of the "New Deal." As I understand it, Mr. Walker, a very rich man and one of the original "Roosevelt-for-President" group, has a full-time, unpaid job, consisting chiefly of coördinating the new departments to prevent friction, duplication and confusion. I do not know whether or not Mr. Walker can perform this feat, but I do know that an intelligent effort to perform it is badly needed, and failure of such an effort is one of the real dangers to the program. Despite his position of treasurer of the National Committee, Mr. Walker is non-political in his outlook and there were no cheers from the party people when he took over his new duties.

It might also be mentioned that the unexpected action of the President in putting some 15,000 postmasters of the first, second and third classes under the Civil Service hit the job-hunters about the worst blow they have had. The unfortunate Mr. Farley is in a particularly hot spot, between the compelling desire to be loyal to his Chief and the pressing necessity of explaining the horrid fact to the hungry horde of Deserving Democrats.

Washington. T. R. B.

Other People's Money

The Bankers Climb Aboard the Rock Island—Scrambling the Stocks—Trading in Steel—The Preferred Lists

WE ARE now witnessing the spectacle of a great railroad passing through the throes of reorganization. This is the Rock Island road, which availed itself of the new bankruptcy law in June and is now about to be subjected to the reorganization treatment by a group of bankers. With the St. Paul receivership and reorganization fresh in our minds and the story of that sorry episode just retold for us in Max Lowenthal's "The Investor Pays," it will be interesting to watch the progress of the Rock Island through the hands of the bankers.

This railroad has outstanding about $313 million in bonds. Some of these bonds represent pretty ancient investments. There is an issue of $61 million which was put out in 1888—that was nearly half a century ago. Where is the property upon which that money was expended? As a matter of fact, some of the money was used to pay off older debts. And these bonds are not payable until 1988—over half a century away. The wise men who made issues like this imagine, I assume, that the Rock Island railroad will be here in 1988; that we shall still be riding in railroad trains then. That, however, is one of those problems we pass on to our children—it will be their bankruptcy. But what is more immediate is $127 million in Rock Island bonds which will be due next year. And this road, which has no credit, which has not for several years earned enough to pay the interest on its bonds, which couldn't borrow $2 million from the National Credit Corporation, is going to have to find a way of meeting these debts. Some of these bonds are due for old bills that were incurred in 1884—fifty years ago—but most of them are for sums expended thirty years ago. The road can't pay the interest on them, to say nothing of the principal. What is to be done with that debt? Is it to be preserved as a fixed charge for another thirty years? The government has already loaned this road, I believe, around $13 million to pay interest charges. Is this administration to go on in the policy of preserving debts just as the Hoover administration did? Is the government to be asked to perpetuate the load on this railroad?

In any case, the old game of banker-handling seems to be in full swing. The old-style program is on its way. The road having been declared in bankruptcy under the new law, the managers of the road and the bankers step forward to "reorganize" it. Hayden, Stone and Company, Dillon, Read and Company and the Chase National Bank are to prepare a plan of reorganization. They are designated by the management of the railroad. Mr. Charles Hayden, chairman of the board of the railroad, is the senior member of the banking firm named as one of the reorganizing bankers.

The next point is the naming of committees to represent the various security holders. In the past the naming of these committees has generally been engineered by the bankers. Of course, no one can say the same thing has been done in this case. But on one of these committees we find the vice-president of the Adams Express Company, of which Mr. Banker Charles Hayden, head of the bankrupt railroad board, is the chairman. On other committees we find other names which justify us in further scrutiny. For instance, the Chase National Bank is one of the reorganizers selected by the management and the bankers. And Mr. Leon O. Fisher turns up as chairman of one of the most important committees. Mr. Fisher is connected with the Chase National. The Rock Island is controlled by the St. Louis-San Francisco Railway Company. A big interest in this road is Speyer and Company, bankers, who control over 26,500 of its preferred shares and 19,000 of its common shares. A member of the Speyer and Company firm is chairman of one of the bondholders' committees and another one is on another bondholders' committee. Also we find the assistant treasurer of the Metropolitan Life Insurance Company on another committee—the Metropolitan, of which Mr. Frederick Ecker is chairman and also a director of the St. Louis-San Francisco road. There are other interlocking interests, but these will be sufficient.

Now the three banking firms have gone to work to prepare a readjustment plan. A few days ago it looked as if

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five warlike committees had taken the field in behalf of the stockholders and bondholders. But now we learn that the protective committees are to sit with the bankers in drawing up the new plan and that smaller stockholders who don't like it will have only their expensive and futile right of protest.

Discussions now and then indicate that whatever plan is evolved will call for some fresh financing by the government. And this is where you and I, dear reader—members of the public—come in. This road is a peculiarly flagrant example of top-heavy fixed indebtedness. For every dollar's worth of common stock outstanding it has five of bonds and preferred stock. Its bonds total $313 million. Its preferred stocks, $54 million. This is $367 million. What is its property worth? Its plant has been increased in valuation on its statement by $100 million in the last seven years. How it got so valuable without being coldly written up no one can say. Its increased indebtedness cannot possibly account for it. Is anyone willing to contend that this plant, on the basis of the prices of 1933, is worth the excessive valuation which was put on it in 1926? If it is reduced by one-third, which every owner of real estate, every owner of machinery and equipment would be willing to accept as a modest write-down, particularly on property which is greatly written up, it is plain that the property is not worth the amount of the bonds and preferred stocks. The United States government should not lend any of the people's money to enable this road to keep up this ridiculous overcapitalization. The stocks are worth nothing. The bonds ought to be written down and converted, at least to the extent of a third or a half of their amount, into common stock. Let us now see if any of the nation's money will be used to save these railroad common stockholders and bondholders from taking the loss which every other owner in America has had to take.

There are down in Wall Street now 1,550,000 shares of United States Steel common in the hands of brokers. This constitutes what is known as the floating supply. This is the supply of shares which is used as counters or chips in the game of speculative gambling. If anybody wants a measure of the rise of the speculative fever, here is the gauge. In the last thirty days that entire 1,550,000 had changed hands. And Steel has not been, by a long shot, one of the most active of the stocks.

The old practice of handing out stock options to the managers of corporations is coming back into use. For instance, the Transue and Williams Steel Forging Corporation has just listed some new shares, some to be used to buy another company, some to be sold to stockholders and some to be held against options for the four executive officers of the company. The stockholders can buy these additional shares now at $10 a share. The current price is $14.75. Options to buy 7,500 shares are given to the officers to be exercised any time in the next two years at $15. This is approximately the present price. This stock, without very much speculation, sold a few years ago at 50. It may not go to 50 again, but if the expected recovery should send it to 25 or 30, the officers can step in, buy 7,500 shares at 15 and dispose of them in the market at the new price. If it doesn't go up the officers are out nothing.

JOHN T. FLYNN.

Newer Russian Music

THE IMMEDIATELY post-revolutionary literature of France was "reactionary." In the words with which Thomas Mann has paraphrased Nietzsche's characterization of the work of the romantic reactionaries in Germany, but which are equally applicable to that of these authors' Western kinsmen de Maistre, Chateaubriand, Montalembert and the youthful Victor Hugo, it was the product of "powerful and infectious and at the same time anachronistic spirits, who for a last time conjured up a past epoch of humanity, as a sign that the new tendency of things against which they strove was not yet sufficiently strong victoriously to withstand them." Largely the creation of émigrés, this imaginative French literature of the commencing nineteenth century luminously expressed the whole prescientific, medieval, Christian world-idea; and contributed to the experience of the race precisely by virtue of the sharpness of the illumination. The materialistic, positivistic bias of the new society brought into being by the revolution, on the other hand, attained its first great literary manifestation in the novels of Balzac, only a number of decades after the events of 1789; probably for the reason that it took the new inclination that length of time fully to develop.

A destiny similar to that which molded the literature of the French after their revolution would seem at present to be at work molding the music of the post-revolutionary Russians. As far as it is possible for us to judge, its recent glories are exclusively the production of two émigrés, Stravinsky and Prokofiev, and have a decidedly "reactionary" character. Conservative in tonal scheme, they offer to "conjure up past epochs of humanity," particularly of Russian humanity. Stravinsky's "romantic" conservatism and sympathy for ways of thinking and feeling proper to past ages was of course made evident even before the War, while he was still inventing a new musical language, by his association of the musical ideas of "Le Sacre" with a pagan Russian ceremonial representing the primitive religious complex of ideas about the earth, night, the dark side of nature and the human psyche, and death; a complex, incidentally, very sympathetic to the reactionaries of 1800. But this early inclination of his appears to have been developed by the revolution into a formal as well as an emotional conservatism, since his latest pieces express his decidedly "reactionary" sort of feeling in a strongly archaicizing language. "Oedipus Rex," his Handelian opera-oratorio, is an immense cry of awe and fear, expressive of the sense of original sin and the immedicable helplessness of man which is at the base of authoritarian societies; and the work is diatonic and cast in classicizing, Italianate areas. Stravinsky's "Symphonie des Psaulmes," perhaps the most complete of all his compositions, communicates an orthodox religious attitude in a partly liturgical, partly Beethovenesque style that gives the experience a decidedly ecclesiastical color, making it bring before us the incense, lights and other barbaric circumstances of a Greek Catholic ritual.

Somewhat similarly, the fiery, hard, brilliant Third Concerto for piano and orchestra of Prokofiev summons up again the voluptuousness of the old salon world. This composition, easily the climax of the informal festival which this winter brought Prokofiev before us in the

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triple role of composer, conductor and pianist, and gave us to hear his fifth as well as his third piano concerto, the suite from "The Gambler," the ballet "Chout" and the Classic Symphony, is one of his ripest, happiest and most durable works. It is a very personal one, full of the characteristic puckish, grotesque, ironic ideas and blustering entries and whirling rhythms which make of Prokofiev a sort of perpetual *enfant terrible* of modern music. At the same time, and for all its daring polytonic pages, it is distinctly in the brilliant Russian tradition. A virtuoso piece studded with sweeping bravura passages for the solo instrument, the concerto largely is built on sweet, almost cloyingly harmonized themes in the slavonic folk-song style; and its melodiousness and spiciness and purple carry into the modern day the spirits of Tchaikovsky and Rimsky-Korsakov, and listening to it we taste once more the luxuriousness the glitter, the wickedness and drunkenness of the old aristocratic world that loved pleasure and liberty and the artist.

Certainly, such of the symphonic music of the composers who have accepted or sought to make the best of the revolution as we have been permitted to hear, decidedly falls short in point of liveliness of that of the two chief émigrés. For example: at the fourth of the Philadelphia's New York concerts, Stokowski presented us with the recent May Symphony of the young Leningrad composer Shostakovitch whom the Soviets have adopted as a kind of composer-laureate; and the experience proved a pretty dull one. This impression may not be ascribed to any prejudice in the bourgeois mind *vis-a-vis* music harmonized, like Shostakovitch's recent piece, with official Marxian ideology; and half-intended as revolutionary propaganda. On the contrary, it is attributable only to the hollowness of the symphony. In our present state of despondency over our own society, any sign of life given by the communistic one would perforce have struck us doubly strongly.

Not that the symphony is "official" music in any slavish sense. Destined for use in May Day exercises as a "weapon in the struggle" and a "means of unifying broad masses of people"—a destination curiously parallel to that of music intended to assist divine services—and aspiring to hymn the revolutionary cause and faith, the work plainly represents the result of a daring effort to construct an extremely concentrated, somewhat Stravinskyesque, swiftly moving form. As the critic Victor Belaiev has put it, Shostakovitch "not only refrains from repeating a theme in its original or in a transformed version. In writing a theme, he even avoids the repetition of identical motifs and melodic turns of phrase. One gets the impression that he wants every bar to be different from the rest." Besides, the young composer has boldly striven to express proletarian and popular characteristics originally in his clangorous and unsentimental work. In spots, his cheerfully informal march-rhythms actually seem to wear caps, and his steely themes frankly to brandish fists. There are assemblages of popular tunes for the brass; and just before the choral conclusion, the trombone *soli* dogmatize in unceremonious fashion at the presumably quaking bourgeoisie.

But excepting a few genial passages, the work as a whole is banal, rhetorical, unconvincing and somehow perverse. It never sails; it lumbers flat-footedly and almost unnaturally upon the ground. What force the music has flows not so much from the vitality of the substance as from the mere bulk of the metallic sonority. And we are left with the sense that the trouble with the piece lies not in Shostakovitch's premature loss of his talent—a conclusion incidentally forbidden us by the fact that some of his movie-music is extraordinarily good—as in the circumstance that he is seeking to express feelings and ideas which are not yet integrally a portion of himself, and perhaps of no one else; though they may eventually and even fairly speedily become as much.

Another corroboration of our impression that the best Russian music of the day is the product of émigrés, and is likely for some little while to continue to prove so, was provided by the concert of chamber music by composers of Soviet Russia, lately given by the tenor Radamsky in collaboration with the League of Composers. Moving and charming as some of them were, the strictly Russian revolutionary and workmen songs presented by the singer seemed more like paler after-births of the old music than new and original expressions. Mossolov's atonal String Quartet No. 1 appeared on a par with his steel-foundry music, the orchestral piece with which Stokowski has a couple of times assailed our ears: that is to say, it is static and over-emphatic. As far as the instrumental music went, the hero of the occasion was the Miaskowsky string quartet Opus 33, No. 2; a piece less troubled and feminine than Miaskowsky's pieces generally are, but wholly characteristic of this very good and very charming, but scarcely forceful composer. If indeed, as Prokofiev recently remarked, Miaskowsky makes a third with Stravinsky and himself, the Leningrad composer follows his two emigrant compatriots at no little distance. And the fact that what is commonly considered the best of the music of the revolution's fellow travelers lags considerably behind that of its opponents, will indicate how far from the front rank the mass of the work of the Russia-inhabiting composers must be thought, as music, to remain.

PAUL ROSENFELD.

CORRESPONDENCE

A Nest Egg for Russia

SIR: In view of the possibility that the Roosevelt administration may recognize the Russian Soviet government shortly and extend a sizable credit to it, may I suggest that you investigate the loan which the American government made to the Tsarist government during the War, but which, to the best of my knowledge, has never been turned over to the Russians?

If I remember the facts correctly, this loan was deposited in either the National City Bank or the Chase Bank to the credit of the then Tsarist Ambassador, whose name I do not recall. After the Soviets came into power, either the banks, or the American government, or both, refused to turn this money over to the Russians for two reasons: First, because the Soviet government was not recognized as the legitimate successor of the Tsarist government, and second, because the Soviets refused to recognize certain debts owed to American interests, particularly the Baldwin Locomotive Company.

It is quite probable, of course, that some settlement has already been made with the Soviets regarding this loan. If not, then it would seem that as soon as the present Russian government is recognized and its differences with private interests in this country

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have been settled, quite a fund ought to be available immediately to finance Russian trade. The loan, as I remember it, ran into the hundreds of millions.

Florence, Ala. GEORGE A. SCHWEPPE.

Not to Be Taken Seriously

SIR: On page 184 of The New Republic of June 28, 1933, I read an extract from a letter written by one Robert Kutzner. The letter contains most infamous and unproven charges against the Jews, which are a repetition of old, lying and discredited accusations made by the most rabid, fanatical and dishonest anti-Semite. But what is most distressing in the matter is the fact that not a word of criticism, contradiction or refutation of the scandalous matter is said by you.

My friends and I have been reading The New Republic since its inception and have always regarded it as an honorable, reliable and unbiased magazine, and we cannot tolerate the wanton attack published by it without comment upon an old, honest and intelligent race.

New York City. SIMON O. POLLOCK.

[Mr. Kutzner's letter was of course printed as a horrible example. We took it for granted that readers of The New Republic did not need a formal repudiation on our part of such views as his, expressed in our correspondence columns.—THE EDITORS.]

Brickbats and Laughter

SIR: You certainly are a case. That editorial, "What Kind of Internationalism" [The New Republic, July 5], gave me the best laugh I've had since I saw Charlie Curtis fall out of his chair while snoozing in the Senate. First of all, there is your explanation of the team-work by our American delegation to London: "What was first believed by other delegations to be a matter of indecision and divided counsels now is seen to be a view which is an inherent consistency." Well, well! Then I wonder what the heck Comrade Couzens was beefing about when he cussed out his brother delegates for not getting their heads together. Perhaps the consistency of the delegates' views was so inherent that it escaped the notice of the delegates themselves.

Again you reveal to us the amazing truth that the path to true internationalism is through controlled but just as emphatic nationalism. If I correctly grasp the import of your teaching, "planned" nationalism is a necessary intermediate stage in the evolution of true internationalism. Let all the nations plan their own affairs between their own borders and then when all or most of them have reached a sufficiently high level of living, presto!—just like that—the border walls will be removed like stage scenery, and we'll be just one big happy family. The way to free trade, it will appear, is not to stop building tariff walls, but to build them higher up and then knock them down.

In these enlightened days of the New Deal, it might be unpatriotic to point out that during this process of nationalistic home planning, some small nations that are not anywhere near economically self-sufficient can starve to death outside the respective protective national walls of major powers. Let the Belgians eat their lace. Let the Irish build houses out of bog peat. A more serious person than myself might be moved to observe that you humanitarian planners, once in the saddle, can be just as ruthless in your logic as the militarists. In fact, now that The New Republic seems to be converted to the New Deal and all its works and pomps, I would not be surprised to read that you advocate military preparedness as the best means of preserving peace. That certainly is not any funnier than nationalism as the best approach to internationalism.

Why don't you keep a weather eye on the statements of the Baruch school itself? It might make you feel less silly about six months from now. They make few bones about their nationalistic purposes. They spout no sophistries about international accord via nationalistic planning. Barney plainly believes that prosperity begins at home—and what's more it should stay at home, and if you "furriners" don't like it you can go back where you came from or somethin'. The whole economic program of our administration policy is obviously designed to adjust our affairs so that we can tell the whole cockeyed world to go to hell. Of course, this may be consistent with ultimate international commercial accord, but, if so, it's purely accidental and The New Republic is the first to discover it.

It only goes to show that when a liberal magazine falls in line behind a party in power, it can be just as hair-splitting in its apologetics as the early Jesuits. No more partisan paper than your editorial could have come from the pen of Simeon Fess. Even our old pal Charlie Michelson would hand such copy to the printer with his tongue in his cheek and his fingers crossed. The Messiah from Hyde Park has performed some miraculous feats in making hitherto incompatible mavericks pull in the same congressional yoke, but these pale beside his accomplishment in making our purest literary maiden—The New Republic—occupy the same political bed with William Randolph Hearst.

Washington, D. C. FRANCIS X. WELCH.

Extracts from Letters

EARL W. ANDERSON, of Ohio State University, Columbus, Ohio, tells us, commenting on unemployment among college graduates, that 40 percent of the graduates of Ohio State's College of Education in 1932 had obtained teaching positions before September of that year.

Agnes Smedley, whose home is in Shanghai but who is living temporarily in Moscow, calls our attention to the assassination of Dr. Yang Chien, general secretary of the China League for Civil Rights and a member of the Executive Committee of the Anti-Imperialist and Self-Defense Association of China. He was a close associate of Mrs. Sun Yat-sen, whose life Miss Smedley considers to be endangered, as are those of all members of the China League for Civil Rights, which is "fighting the fearful terror in China." She lays the responsibility for the assassination of Dr. Yang indirectly upon the Kuomintang and the Nanking government. "Dr. Yang had voiced the first demand of the League: the unconditional release of all political prisoners of China as one of the first essential steps to the emancipation of China, which could only be brought about by a national revolutionary war against the Japanese invaders and their active assistants and allies. This demand whipped the Kuomintang to white, savage fury, for the Kuomintang claims as its right to butcher and kill by imprisonment in chains in medieval prisons tens of thouands of the revolutionary youth of China." Miss Smedley suggests that telegrams protesting the assassination of Dr. Yang Chien be sent to the League for Civil Rights, 533 Avenue Roi Albert, Shanghai, China.

A. Overguard, secretary of the Trade Union Unity Council, New York City, writes taking exception to the recent statement in The New Republic that we can find no supporting evidence for the charge of the Communists that the Industrial Recovery Administration is seeking to build up the American Federation of Labor at their expense. He says that the laundry trade in New York is characterized by extremely bad working conditions, that the Communists have been making some headway in organizing the laundry workers, and that the employers in this industry are encouraging the unionization of the industry by the A. F. of L., "fully protected by the government under the terms of the Recovery Act." Mr. Overguard admits that this does not constitute proof of "covert conspiracy" (in The New Republic's phrase) between the government and the employers, but considers that it shows "how the new law is being used to favor the A. F. of L. at the expense of the independent and more militant unions."

He also points to the situation in the fur trade in New York City, where a large majority of the workers belong to the Communist union. After an unsuccessful effort to form an A.F. of L. union, the employers were about to renew an agreement with the Communist union when, according to Mr. Overguard, they were advised not to do so by Edward F. McGrady, formerly a national A. F. of L. official, now one of the administrators of the Recovery Act. Mr. Overguard believes that the federal investigation of labor racketeering in New York will be used to discredit the Communist fur trade union. He is convinced that "the menace to labor contained in the Recovery Act hits not only at unions of the T.U.U.L. [the Communists] but also at A. F. of L. unions which are under militant rank and file leadership."

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The Search for a Frontier

A Draft of XXX Cantos, by Ezra Pound. New York: Farrar and Rinehart. 149 pages. $2.50.

IN THIS year 1933 Ezra Pound's huge fragment, "XXX Cantos," takes on the character of a posthumous work and, like its contemporary, James Joyce's "Ulysses," has left its mark upon the literature of our day. Praise for the Cantos has followed the publication of each separate and small group, and the praise has the resonance of an elegy. At this distance from Rapallo, the legendary Pound has the appearance of an old man, an old man with a long white beard seated within a shrine where pilgrims enter to hear the voice still thundering with electric violence:

> And the betrayers of language
> . . . and the press gang
> And those who had lied for hire;
> The perverts and the perverters of language
> the perverts who have set money-lust
> Before the pleasures of the senses;
>
> * * *
>
> Honor? Balls for yr. honor!
> Take two million and swallow it.

The oracle screams and the lights go out and the pilgrims move noiselessly, still listening to the sound of foreign words, fragments of Greek, Latin, Provençal, Italian and Modern French. Was that word Yankee slang, newly minted in 1904 and now recited with a Yiddish-New York accent? What did the prophet say? The pilgrims know only that he has vanished in a fiery cloud and that his last words were words of anger.

II

The Cantos now printed in an American trade edition have two separate histories. One is concerned with a deep influence, often indirect, upon contemporary letters. The other line of their history, and equally important, is their relation to Pound's previous work and his career as an American expatriate in London, Paris, Rapallo. The career, like the obscurity of certain passages in the Cantos, was one of flight and the championship of lost causes, the career of an American born in Idaho who traveled East and fled across the Atlantic, with the West Wind behind him. It was as though the Yankee pioneer dream of personal freedom had sent him Eastward, away from the raw cities whose noise had encircled him as prison walls —and he, more intensely American than ever, chose the alternative of exile. "Exile" is a good word for Pound for he used it as a name for one of his small magazines and as such it gave him a sense of relationship to the past, to the tradition of exile in which Dante moved dimly and from which the more recent figures of Keats, Byron, Shelley emerged. Exiles were good company; to be alien was a mark of freedom, and one way of asserting an American psychosis that had entered Pound's blood: the search for a frontier, the unknown land beyond the horizon. I shall have more to say of this later, for now it seems best to define the nature of Pound's technical influence, an influence which in itself has given the Cantos unique importance.

It was in 1908 that Pound went up to London by way of Spain, and for a period of ten years his voice is heard in America roaring across the Atlantic; his was the authentic voice of the "new poetry" movement from foreign shores. In the half-dozen early books of poetry that he produced there was an atmosphere of cool-limbed, athletic vigor as though a wind from an American prairie had torn down the walls of the British Museum and revealed a very naked Ezra Pound dancing among the ruins. He had come upon the heels of an "Art for Art's Sake" movement in England and it was there that he found the soil well prepared for his specific emphasis upon technique in poetry. This preparation was not visible to any but the most perceptive eye—for popular taste in London was guided by a triumvirate: Lang, Palgrave and Gosse. Revolt, however, was in the air, for even the Georgian poets, gathered in a circle by "dear Eddie Marsh," were leading poetry out of doors, far from the chintz and horse-hair intimacies of Edmund Gosse's drawing room. What Pound perceived—and this drove him head on against the Georgians—was the dual nature of the revolution. What was the new technique rising out of Symbolism from Paris attics, and what of Whitman's Biblical rhythm in America? This too, was revolution, the revolution of the language, image, symbol—of the word! The Georgians were content to remain behind, but it was not until some years later that a pretty legend arose concerning Pound's offer to fight a duel with Lascelles Abercrombie.

It soon became evident that a generous half of Pound's poetry was sharp criticism and that the criticism contained elements of brilliant showmanship: Imagism, Vorticism, were thrust forward as slogans, as proof that Pound would lead where others feared derision or failure; and with the partial success of these movements (for Pound had unearthed new names) the early Cantos gained well earned prestige.

The original conception of the Cantos dates back to the closing years of Pound's most prolific period, the years just preceding the third decade of this century. What was once intended for a third Canto is now the first, a revised adaptation of Andreas Divus's conversion of Homer into Renaissance Latin. The adaptation served a double purpose for it enabled Pound—this document produced as evidence!—to plow fallow soil for an entire critique of Greek translation into English. Its creative purpose was to reshape Homer in Pound's image, and there we listen to the grave music of Elpenor's speech, a music that has since become familiar to all conscious readers of contemporary poetry:

> But thou, O King, I bid remember me unwept,
> unburied,
> Heap up mine arms, be tomb by sea-bord, and
> inscribed:
> *A man of no fortune, and with a name to come.*
> And set my oar up, that I swung mid fellows.

This subtle fusion of the classic hexameter with the Elizabethan iambic is Pound's contribution to English poetry and, here again, as the "Hugh Selwyn Mauberley" volume will testify, is proof of his lyric genius. Note how at the very end of this Canto, he originated a device that has since been mastered by Archibald MacLeish: Even this particular use of the connective "and" is now MacLeish's property:

> And he sailed, by Sirens and thence outward
> and away
> And unto Circe.
> Venerandam,
> In the Cretan's phrase, with the golden crown,
> Aphrodite,

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Cypri munimenta sortita est, mirthful, oricalchi,
with golden
Girdles and breast bands, thou with dark eyelids
Bearing the golden bough of Argicida. So that:

The music is broken and held in mid-air, and as for the Latin phrase imbedded among English, reread Divus—Pound has merely placed him in a new context. Pound's use of foreign phrases in the text of the Cantos is motivated by the same purpose he displays here, which is a means of associating his image with its origin and of attempting to place the living words of an old culture in a new environment.

In MacLeish's "Conquistador" Pound's method undergoes a process of refinement. There is no longer a break in music, but an equally sustained, modulated flow. There is a corresponding loss of Pound's vigor, but the loss finds compensation in the development of a cohesive theme.

The technical relationship between Pound and Eliot is well known, and there is still another point of contact where Pound joins William Carlos Williams. In the case of Eliot, however, it is entirely possible that the influence was introactive, for it is sometimes hard to see where "Mauberley" leaves off and Eliot begins, or perhaps the influence was actually reversed. Of immediate importance to us today is the fact that Pound's technique comes down to us through secondary sources. It has been Pound's misfortune not to have matured in the very medium that he inaugurated, and not infrequently his text suffers by direct comparison with the work of those who followed him. This brings us back to the more personal history of the Cantos, back to the man who remains the most picturesque of American expatriates still resident abroad.

III

When Pound left America there was a literal "Waste Land" behind him. At that moment no prophet of his temper could have found a hearing in New York editorial offices or in American universities. And here it may be remarked that Pound today retains the same impression of America that he held then; a quarter of a century ago:

The thought of what America would be like
If the classics had a wide circulation
Troubles my sleep . . .

The land was barren; he would have encountered few opponents worthy of his respect or anger. What he saw were journalists, more journalists and the bland features of William Dean Howells. Since Howells had come from the West himself, it is possible that he would have seen nothing extraordinary in the apparition of Ezra Pound walking up Fifth Avenue, the very figure that startled Ford Madox Ford in London's Chelsea. In London, Pound was an original in the full sense of the word; he discovered tangible objects of attack: the Literary Supplement of The London Times, Anglo-Saxon stupidity flanked by white-haired critics and the ashes, still smoldering, of the Victorian household gods. His Americanism flourished in foreign atmosphere and was tonic as a windy afternoon in April. Pound entered the lists spurs shining and red hair erect.

His strategy against the British academicians was of a sort that demanded no consistent effort or formulated program. It was a fluid process of shift and counter-shift where mottled spots of erudition (quite as now in the Cantos) glowed with the somber heat of ancient jewels: there a broken emerald and there a fractured ruby. The shift went backward to Mei Sheng, Propertius Arnaut Daniel, Guido Cavalcanti (then lushly and unwisely translated by Rossetti; Pound could and did do better), Fontanelle; forward to Eliot, T. E. Hulme, William Carlos Williams, Gaudier Brzeska, George Antheil. It was an impressive performance and quite as effective as Napoleon charging the Austrians at breakfast hour. Pound made his own rules and the victory was won.

Ezra Pound had discovered a new frontier of his own making, but with the discovery came a fixed habit of decentralizing his forces. In the Cantos, his quickened mobility, his sense of freedom, his long leaps backward and forward in time and in literary reference, refuse to follow any pattern whatsoever. Even fragments from Joyce's "Work in Progress" show more direction toward a common end than all thirty of the Cantos. If we are to look for any principle of unity it must be found in the strong personal flavor of the Cantos and in the repetition of the same technical devices. No one idea is sustained for a longer time than it takes to read aloud a single page of the poem—and the effect is that of a twelve-pistoned drive toward dismemberment and disintegration. It seems quite improbable that this pretentious edifice bears any relation to a prearranged plan of development, and I suspect that the power implicit in certain of its passages gains fuel from a desire to extend the freedom of the artist beyond the farthest reach of any known Utopia.

The retreat in which Pound had exiled himself was not an Ivory Tower, but a peculiarly American purgatory in which hallucinations of the angry eagle still screaming for freedom and beauty—abstract Greek and far removed in time and place—linger a moment and are gone:

And the cities set in their hills,
And the goddess of the fair knees
Moving there, with the oak-woods behind her,
The green slope, with white hounds leaping
about her;
And thence down to the creek's mouth until
evening,
Flat water before me,
and the trees growing in water,
Marble trunks out of stillness,
On past the palazzi,
in the stillness,
The light now, not of the sun.

. . . "not of the sun," nor of any sun that ever shone in the America that Pound remembers. There is great emotional truth implicit in Pound's dismemberment of the American psyche and a quantity of bad writing when he attempts to reproduce American speech:

And the other day on the pier
Was a fat fellah from Rhode Island, a-sayin':
"Bi Hek! I been all thru Italy
An' ain't never been stuck!"

This is bad, not because he has attempted to use the vernacular, but because his use is careless and inaccurate. He has lived too long abroad and his memory has failed him. The joke implied here is stale and the anger behind it is directed at a trivial object. In fact much of the excellent invective in the Cantos is hurled agains newspapers, weeklies, newly rich millionaires, politicians—and never finds its mark. These are too small for the reception of Pound's anger or scorn and his energy is vitiated in killing flies. And what is even more pertinent, the quality of such anger is self-destructive, a bloody, hand-to-hand conflict

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with his own shadow—who are his enemies? The money-changers, who have invaded Europe from these shores? Or, if not actually these, the gentlemen who wear American-cut clothes and are influenced by the methods and prestige of American capitalism? The very creatures that Pound attacks so bitterly would be among the first to agree with him on questions that involve individual freedom, for they have a right to live in the same atmosphere of anarchy that liberates Pound. From this point onward his argument (or rather his mood of anger which dominates the latter sections of the poem) loses moral conviction. He is at last reduced to the somewhat hackneyed observation that times are bad and that an ancient glory has passed away forever from this earth:

> All things are made foul in this season,
> This is the reason, none may seek purity
> Having for foulnesse pity
> And things growne awry;
> No more do my shaftes fly
> To slay. Nothing is now clean slayne
> But rotteth away.

And here in this last complaint in the final Canto the voice of an old man is heard; the book closes on a note of impotence. Those admirers of Pound who are balked or bewildered by a lack of catharsis in his final statement have no basis for argument against his native intelligence. The statement is memorable; it holds a place among the best of all that is written into the Cantos. Their cause for discontent lies in the fact that the statement lacks profound application, for what he says may be said of any season, of any age other than his own. The prophet has again eluded them; he has not fulfilled his promise of tragic despair. The shrine is empty and acrid smoke rises from the altar.

HORACE GREGORY.

From Edda to Hamsun

History of Norwegian Literature, by Theodore Jorgenson. New York: The Macmillan Company. 572 pages. $5.

THIS IS a volume to set alongside of Knut Gjerset's "History of the Norwegian People" as an indispensable book in the field of Norwegian studies. It has been badly needed. Other works on the subject, of which (with a slight bow to Edmund Gosse) those by Carl Burchardt, Hanna Larsen and Topsoe-Jensen are among the best, suffer from various inadequacies. This is the first book in English to present the subject in the form of a connected, well integrated story.

It is becoming less and less possible to write of literature as though it were a phenomenon spontaneously generated in a self-contained world having only a casual contact with the world of social, political and economic realities. Professor Jorgenson's point of view is clearly that of an enlightened contemporary. He lays great stress upon the analysis of the social classes, their economic basis and the manner in which changes in the character of the country's economy bring about realignment and shift the balance of power. He gives a good deal of attention to the rise of the labor movement in the nineteenth century and to the growing class-consciousness of the workers. He very acutely analyzes the bearing which these various factors have upon conscious literary expression. The author does not consider it irrelevant to the discussion of literature to note, for instance, the beginning of intensive cultivation of potatoes in Norway from 1750 on, and sees in this (without directly stating it) a not inconceivable relation to the growth in the second half of the eighteenth century of the fairy tales and the decorative style known as "rose painting."

Professor Jorgenson has followed an excellent method. Throughout the book he keeps his eye focused on the broad historical movements, and carefully relates all the details of his story to these. The forward impetus, the evolving process of history is thus admirably conveyed. He accounts for Norwegian literature as a localized expression of European culture, and shows how certain general cultural traditions fared in Norwegian soil and how they were modified by the indigenous culture. He has avoided—wisely, I think—exhaustive treatment of individual works and authors, but he provides ample informative material, especially for the more recent writers.

While Norwegian literature does not abound in unparalleled masterpieces, it is remarkably rich, and its contributions to world literature are far greater than Norway's rank as a nation would have led one to expect. The bulk of Norway's creative literary activity is to be found in two great periods, the first extending roughly from the tenth to the thirteenth century, and the second from the beginning of the nineteenth century to the present time. The old Norse mythology—Norse rather than Germanic—is, as the author says, "one of the consummate achievements of mankind." The literary fertility of the Viking age, as it expressed itself in the Edda, the skaldic poems and the sagas, was astounding and was unsurpassed in beauty and power by any other literature of its time.

This fertility rapidly declined at the end of the thirteenth century, through economic and other causes which the author analyzes in considerable detail. For nearly five hundred years the only creative expression was a folk literature, which was largely unwritten. During these centuries, first under the iron domination of the Hanseatic League, and later united to Denmark or Sweden or both as a subject-nation, Norway had no independent national existence—no self-government, no press, no national bank, no theatre, no university—and little opportunity for native genius to assert itself in literature. In 1814, she achieved her independence, and the subsequent years have witnessed an extraordinary rebirth. On the wave of a great movement of national enthusiasm and self-assertiveness, supported by a series of industrial and commercial booms, Norway has had an impressive literary renaissance. The literature of this period, it is interesting to note, is predominantly a purposive one, and some of the major writers, like Wergeland, Bjornson and even Ibsen, were direct champions of social reform. Professor Jorgenson devotes almost two-thirds of his book to this period, chronologically only one-tenth of the period covered. In 1814 Norway ceased to be a minor appendage of the European continent, and her writers entered again the arena of European literature. The poets Wergeland and Welhaven; the collectors of fairy tales, Asbjornson and Moe; Henrik Ibsen, Bjornstjerne Bjornson, Camilla Collett, Jonas Lie, Alexander Kielland, Knut Hamsun, Hans Kinck, Sigrid Undset, Olav Duun, Johan Bojer, Peter Egge, Gabriel Scott, Herman Wildenvey and Olav Bull—these may truly be said to form the nucleus of a vigorous and distinguished literature, easily to be ranked in importance with the writings of Italy, Spain or Austria of the same period, not to mention those of Denmark and Sweden. Professor Jorgenson's book should do much to stimulate a more lively interest in it in this country.

HAAKON M. CHEVALIER.

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Out of the Fascist Unconscious

Frescoes for Mr. Rockefeller's City, by Archibald MacLeish. New York: The John Day Company. 28 pages. 25 cents.

Mr. Michael Gold, as readers of The New Republic are aware, is a Communist and is convinced of the political significance of poetry and of the arts in general; while Mr. MacLeish, author of the "Invocation to the Social Muse," which recently stimulated a controversy in these pages, is as well known as a holder of diametrically opposed views. —THE EDITORS.

IT HAS been piously said, there can be no fascism in America. But signs appear in the political sky, and Hitler's program, somewhat veiled in cauls and mysteries of the poetic womb, may also be discerned in these latest verses of Archibald MacLeish.

Here is mystic nationalism, first stage of the true fascist mind. Hitler and Mussolini exploit race loyalty for their demagogy, but in America there are too many powerful races. So we may expect the fascist-nationalists to fall back on a mystic geography, and to say with MacLeish:

> She's a tough land under the oaktrees, mister:
> It may be she can change the word in the book
> As she changes the bone of a man's head in his children:
> It may be the earth and the men remain. . . .

(meaning, of course, America is too tall, wide and different to be subject to the secular economic laws that govern prosy little Asia and Europe . . .).

And another sign of his fascist mission is Mr. MacLeish's contempt for Marxists, Jews and those disturbed intellectuals who recently have taken the road to the political left:

> Also Comrade Edward Remington Ridge
> Who has prayed God since the April of Seventeen
> To replace in life his lost (M.E.) religion. . .
>
> Even Comrade Grenadine Grilt who has tried since
> August Tenth for something to feel strongly in
> Verses—his personal passions having tired. . .
>
> *I can tell my land by the jays in the apple trees*
> *Tell my land by the jays in the apple trees*
> *I can tell my people by the blue-jays in the apple trees*
>
> Aindt you read in d'books you are all brudders?
> D'glassic historic objective broves you are all brudders?
> You and d'Wops and d'Chinks you are all brudders?
> Havend't you got it d'same ideology? Havend't you?

Fascism is the revolt of the lower middle class, a cruel and futile rage of little traders who have been wiped out by chain stores, bankers and big business. Mr. MacLeish therefore hates the Harrimans, Vanderbilts and Morgans who "screwed America gaunt and scrawny with their seven year panics." He cartoons them savagely in one of his frescoes, but no more than Hitler does he demand that the wealth of the nation be restored to the nation, the stock market plowed under for a truck farm. No, all that Mr. MacLeish seems to ask is that the bankers "look at the land, they never looked at it, it was all prices to them." He wants J. P. Morgan and Otto Kahn to be heroes, pioneers and poetic explorers, like that Captain Lewis who penetrated the Northwest, and whose letter to Thomas Jefferson is paraphrased in the only touching passage in these six poems. This is confusing, of course, but then all fascism is generally a welter of confusions, grandiose phrases and murder.

Mr. MacLeish may be an unconscious fascist, but it is curious that he has lyricized the major attitudes of German and Italian fascists. How could he have stumbled so accurately upon the fascist attitude toward the proletariat? In his fifth verse he describes those hordes of immigrant workers who built the railroads of the nation. They died in holocausts, and were buried in nameless graves under the ties, for the triumphant engines to pass over their bones.

The fascist author is permitted, like Mr. MacLeish, to chant the pathos and heroism of Labor, even to fight against those who would degrade it. Only against those workers who become class conscious, and themselves revolt against their slavery, are torture-squads to be directed. Yes, labor is heroic, pathetic, and has its place in the hierarchy of values; it has been created eternally to serve, and is to be offered mystic compensations, nothing sordid and real like bread or freedom, but the glory of the fascist Integral State:

> Do not pity us much for the strange grass over us:
> We laid the steel to the stone stock of these mountains:
> The place of our graves is marked by the telegraph poles.

The device of contrasting images is much favored by Mr. MacLeish. This technique in poetry was originated by Ezra Pound; T. S. Eliot made it popular; now it is the property of every college literary snobling. It is also the favorite device of political reactionaries. A mythical golden past is always pitted against the sordid commercial present. Hitler invokes the blonde Aryans; Mussolini restores the eagles of Caesar; the awakened Magyars remember their forebear, Attila; and here is Archibald MacLeish using all the epic splendor of the American past, the red Indians, the pioneers, the railroad hunkies, and even the Rocky Mountains and the strong savage American landscape as a political argument against sordid Marxists, Jews and intellectuals!

But this is neither poetry nor logic. The Rocky Mountains should be left to their snow and eternal stars. They are no answer to make to the demands of 16 million unemployed men and women Americans. Mr. MacLeish has no political rights to the Rockies or the landscape. This great magnetic continent belongs to the masses, to the workers. White-collar fascists out of Harvard and Wall Street have less spiritual claim on America than the share-croppers, miners, sailors and gandy dancers. Walt Whitman said it once, but it needs to be said again and again; every land belongs to those who fertilize it with their blood and sweat.

Who is there in America today to carry on the revolutionary democracy of the pioneers? Certainly not the decadent Black or Brown Shirts, the Huey Longs and Smedley Butlers. Mr. MacLeish sneers at the men of the left. He has heard some speak with a Yiddish or Negro accent. It is a pity he is so fastidious about trifles, for he has missed the true home of the American tradition. This land is great because it was founded on a democratic revolution. That revolution continues in the hearts of hundreds of thousands of Kentucky miners, Chicago stockyard butchers and Tampa cigarmakers, Oregon lumberjacks and New England weavers. It burns in the Rockies and Alleghenies. It goes to sea on every American keel. New York poets feel it, Back Bay blue-noses, too, the intellectuals of San Francisco and New Orleans stir with the tradition of Thoreau and Emerson.

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As for us unfortunate Jews who happen to be Communists and annoy Mr. MacLeish so much, we shall go on repeating in our vulgar dialect, despite Hitler and MacLeish, "Aindt you read in d'books you are all brudders? Aindt you read in d'books you are all brudders? Aindt you read in d'books you are all brudders?"

MICHAEL GOLD.

The Psychological Revolution

General Principles of Human Reflexology: An Introduction to the Objective Study of Personality, by Professor Vladimir Michailovitch Bechterev. Translated from the Russian of the fourth (1928) edition, by Emma and William Murphy. New York: International Publishers. 467 pages, illustrated. $5.

IN 1885, some thirty years before John B. Watson crashed the gates of American psychology with his Behaviorist Manifesto, a young Russian was appointed to the Chair of Psychic Diseases at the University of Kazan. Within an extraordinarily short time this brilliant pupil of Westphal, Charcot, Wundt and Du Bois Raymond had developed a group of institutions and laboratories that were destined to revolutionize the entire field of psychiatry. By 1893, with the collaboration of many like-minded students, he was upsetting all traditions at the St. Petersburg Military Medical Academy, to the intense displeasure of the Tsarist conservatives, who regarded his work and attitude as subversive of the moral (bourgeois) order. Fourteen years later this born revolutionist became one of the founders, and chief supporter, of the Psychoneurological Institute, the nucleus of a brood of other institutions, all directed toward the intensive study of human behavior according to the methods, and from the standpoint, of the physical sciences. When he died, at the end of 1927, his many practical achievements were buttressed by some 600 technical monographs and not only Soviet Russia, but informed students throughout the world, recognized that largely through his labors the ideals for which Pavlov had struggled in physiology had been impressively vindicated, if not fully established, in the domain of psychology.

This man was Vladimir Michailovitch Bechterev, and it is the matured record of his life work which, in this admirably made and translated volume, is for the first time presented to English readers. However strong the clash of opinions may be, there can be no doubt that the "General Principles of Human Reflexology" is one of the few major contributions of recent times to the biological sciences, deserving to rank with Jennings, Sherrington, Wilson, Adrian, Cannon—and, of course, Pavlov.

"Reflexology" is a term coined by Bechterev himself. It is defined as "the science of human personality studied from the strictly objective, bio-social standpoint." This is a warning to the reader that he may expect a consistent disregard of consciousness as a factor of behavior, and of introspection as a method of studying behavior: it is also an indication of the importance which the author gives to the social aspects of personality. Bechterev was a strict Marxist, and even in his most refined experiments—as, for example, on the motor area of the cerebral cortex or on speech reactions—the guiding principle of economic determinism was in the background of his thinking. From the point of view of methodology, particular attention attaches to Bechterev's emphasis upon energy as the *datum* of "psychic activity." The recent researches of Professor A. V. Hill of London in the electro-chemical changes in single nerve fibers, resulting in the production of heat in measurable quantities, confirms Bechterev's findings in regard to the higher cortical centers, and is significant of the steady advance of that quantitative, *metrical (not* mechanistic) procedure which is the hallmark of science. Danger, however, lurks in the tendency to oversimplification: as when Bechterev correlates the physical concept of inertia with inheritance in genetics, habit in the individual and customs in society.

Criticism in detail is more than compensated by the scope of this monograph, by the wealth of material examined (the elaborate schematic chapter on the fundamental reactions of taste, sight, hearing, etc., is a storehouse of technical information), and by a strict fidelity to "the principle of continuous change" throughout the whole of nature, from atom to galaxy. And the running fire of comment on outworn intellectualistic and introspective interpretations of the human psyche leaves little doubt that psychology on the classical model is at last on the edge of the same precipice whence fell alchemy, astrology and many another cryptoscience which tried to measure imponderables with the yardstick of the irrational.

HAROLD WARD.

Book Notes

BIOGRAPHY AND MEMOIRS

LETTERS OF AN EARLY AMERICAN TRAVELER: Mary Austin Holley, Her Life and Works, by Mattie Austin Hatcher. *Dallas, Texas: The Southwest Press. 216 pages. $4.*

Mrs. Holley's little book on Texas is a classic in the literature of that state, indeed the premier literary event. First published in 1933 and later expanded, it offered the first sketch of that debatable empire to which her cousin, Stephen F. Austin, had gone ten years before. The original volume, hitherto difficult to obtain, is reprinted with a biography of Mrs. Holley, based on her letters. She was a resourceful, charming woman, whose life had many phases, from her childhood in Connecticut to the years in Lexington, where her husband became president of Transylvania University in 1815. After his death she spent some years as governess in a French family on a Louisiana plantation and in New Orleans. She visited Texas more than once. Mrs. Hatcher's narrative reveals Mrs. Holley's character and these changing backgrounds with admirable clarity.

LUCKY BALDWIN, by C. B. Glasscock. *Indianapolis: The Bobbs-Merrill Company. 308 pages. $3.50.*

The life of E. J. ("Lucky") Baldwin, horse-trader, "realtor," Bonanza King, roué and gambler extraordinary, was, to say the least, picturesque; while in its span it touched nearly every side of California's frontier period—which in itself was picturesque enough. Despite his extravagance, Baldwin left a fortune of nearly twenty millions by the turn of the century. He was of the rough-hewn and "heroic" type, which accomplished something more than mere pioneering; such men, following the trail of the gold-fevered prospectors, arrived, some years after 1849, to exploit the turbulent local population without restraint and with unexampled success. Thus the paradise of the Pacific slope, with all its natural resources, passed in an incredibly short time into the hands of a ring, of which Baldwin was a member. Concentrated within a single generation, the process of seizure-by-the-strong after a free-for-all was more brutally direct and violent than anywhere else in America. Among California's soldiers of fortune—the Huntingtons, Stanfords, Mackays and Sharons—the funniest of all was clearly "Lucky" Baldwin, who "rooked" nearly everyone who approached him, who never paid his bills and whose funeral no one wept over. The biographer has devoted himself to interesting original research in period history among the files of the earlier California newspapers, and has also drawn liberally upon Bancroft's "Chronicles of the Builders." Like many other

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admirers of the overweeningly individualistic frontiersman, he contents himself by dwelling upon the "picturesque" qualities of his subject and makes no further judgments.

History

HISTORY OF THE FOREIGN POLICY OF THE UNITED STATES, by Robert L. Jones. *New York: G. P. Putnam's Sons. 536 pages. $3.50.*

Professor Jones of the University of Pittsburgh undertakes to show the origin and trace the development of the general principles pursued by the United States in its relations with other countries. The most successful part of his book is that concerning the early period, during which the policy of neutrality and isolation was developed. Further chapters deal with each of the main problems which have confronted American diplomacy in the past, such as Cuba, the Isthmian canal, and Pan-Americanism. The author is less successful in dealing with contemporary issues. Perhaps his greatest blunder is in stating that at the Havana Conference in 1928 the United States "reversed its policy completely and was as agreeable as any nation could have desired." His book would have been improved by a chapter or two on our post-war commercial policy.

NEW YORK DURING THE CRITICAL PERIOD: 1783-1789, by E. Wilder Spaulding. *New York: Published by Columbia University Press for the New York Historical Association. 359 pages. $4.50.*

This excellent study of the period of reconstruction after the success of the American Revolution is valuable both for the general reader and for the scholar. "Politics in the state of New York immediately before and after 1783," writes Mr. Spaulding, "is the story of the struggle of a propertied, intelligent minority to maintain itself against a less well-to-do, less sophisticated majority." A great depression of commerce followed the Revolution and lasted from 1784 until 1786 with gradual improvement in 1787 and 1788, the year when the Poughkeepsie Convention ratified the Constitution. The distress of the times made men realize the problems of government, although, as Mr. Spaulding demonstrates, prosperity began to return under the weak Articles of Confederation, because of new markets discovered by American shippers and because of crop shortages in France. The second half of Mr. Spaulding's book is an able analysis of the battle for the ratification of the federal Constitution in New York, and in this work he uses admirably the economic technique initiated by Dr. Charles A. Beard in his original studies, "The Economic Interpretation of the Constitution of the United States" and "The Economic Origins of Jeffersonian Democracy."

World Politics

MANCHUKUO: CHILD OF CONFLICT, by K. K. Kawakami. *New York: The Macmilan Company. 320 pages. $2.*

Mr. Kawakami, author of "Japan Speaks," is the Washington correspondent of the Tokyo Hochi Shimbun. In this book he describes the organization, foreign relations, finances, social problems of the state of Manchukuo from a semi-official Japanese point of view. One of his observations is that there are so many possibilities of trade, commerce and revenue in Manchuria for the Powers that recognition of Manchukuo by them is a comparatively unimportant matter; whether or not they make the gesture of recognition, they will unofficially, recognize the state through commercial dealings. The candidly imperialist anti-Russian note is surprising in view of the legend of Japanese subtlety.

THE VERDICT OF THE LEAGUE: China and Japan in Manchuria, the Official Documents, with Notes and an Introduction by Manley O. Hudson. *Boston: The World Peace Foundation. 102 pages. $1.*

The record of the League of Nations' verdict on the critical Far Eastern situation. The book also contains a chronology of the dispute between China and Japan before the League, and a list of the principal official documents.

Fiction

VENETIAN BLINDS, by Ethel Mannin. *New York: Alfred A. Knopf. $2.50.*

There is a strong undercurrent of indignation in Miss Mannin's writing that prevents her rather commonplace theme from becoming dull. She depicts her London "ordinary working people" and their surroundings with the veracity of a photographer, but at the same time, she cannot help revealing her resentment against the social conditions which cause her characters to suppress any spark of individuality in them, to deify Common Sense in terms of Respectability or material success, and believe that to "make a good appearance" and "get on" are the supreme goals of life. In "Venetian Blinds" Miss Mannin shows us that many of the characters are strait-jacketed from birth by environment or circumstances. A few, like the hero Stephen Pendrick, realize the dreariness of working for something they don't want, but are too anchored down at the age of realization to do much about it.

SOMETIME, by Robert Herrick. *New York: Farrar and Rinehart. $2.50.*

Utopias have been written from two impulses, one of which has predominated—either, as in Swift and Butler, to attack the present world or, as in Plato and Edward Bellamy and Mr. Wells, to portray a better one. Robert Herrick is of the former school. He does not think well of our megalopolitan civilization. Especially does he reprobate our procedure in regard to business, sex and education, and scorn our triumphs of city building in New York and Chicago. The new world after the next ice age has its center of culture in Africa, where Communism has uprooted the profit motive and Humanism has banished superstition. From the genial shores of Khartoum an expedition sets forth to excavate the ruins of North American civilization, but the young explorers begin to show signs of the go-getter malady. As the wise leader Felix reads history, the New World drew to itself the more adventurous elements of the old, who under the stimulus of climate produced the race so aptly characterized in Mr. Hoover's "American Individualism." The Americans exterminated the indigenous races, infected Europe with their mad cult of possessions and went down in moral and social collapse even before the glacier overtook them. Lest history should repeat itself, Felix advises his countrymen to leave the infected continent alone. Mr. Herrick writes in a spirit of banter but his humor is too close to the truth to be entirely pleasing to those who hope again to sit at ease in the Zion of capitalism.

Contributors

William Lescaze is an architect connected with the firm of Howe and Lescaze of New York City and Philadelphia. The firm designed the Philadelphia Saving Fund Society Bank and Office Building, which was the first air-conditioned building on the Atlantic coast, the Hessian Hills School, the Oak Lane Country Day Nursery School, and other structures.

K. W. Stillman, who was formerly on the staff of The Business Week, is at present farming in upper New York State.

Paul Rosenfeld, the author of several books of criticism and of a novel, is summering in Maine.

Horace Gregory, the author of two volumes of verse, the most recent being "No Retreat," is now working on a brief critical study of D. H. Lawrence which the Viking Press will publish this fall.

Haakon M. Chevalier is the author of "The Ironic Temper: Anatole France and His Time" and is a professor at the University of California.

Michael Gold, who has written three books, the latest one being a novel, "Jews without Money," has worked at a variety of trades and professions and is at present writing a novel dealing with Long Island society.

Harold Ward is a member of the Editorial Division of the Continental Association of Technocrats and is a frequent contributor to scientific and literary journals.

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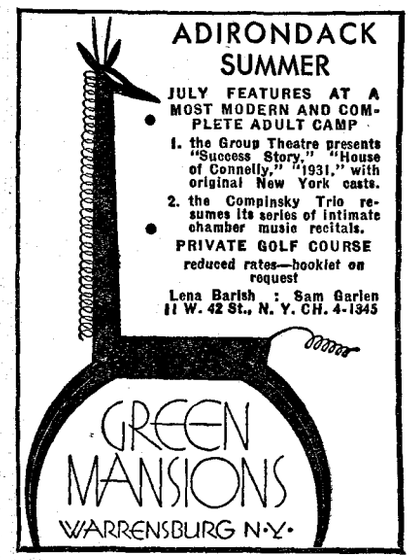

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